

DCB Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8040)

SHARE OFFER

Sole Sponsor



**Joint Bookrunners and
Joint Lead Managers**



IMPORTANT

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

DCB Holdings Limited DCB控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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

Number of Offer Shares	:	80,000,000 Shares
Number of Public Offer Shares	:	8,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	72,000,000 Shares (subject to reallocation)
Offer Price	:	Not more than HK\$0.875 per Offer Share and expected to be not less than HK\$0.625 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	:	8040

Sole Sponsor



Joint Bookrunners and Joint Lead Managers



Head & Shoulders Securities Limited

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

The Offer Price is expected to be determined by the Price Determination Agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), on the Price Determination Date, which is expected to be on or around Tuesday, 6 February 2018 (Hong Kong time) or such later date as may be agreed by our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), but in any event no later than Monday, 12 February 2018. The Offer Price will be not more than HK\$0.875 per Offer Share and is expected to be not less than HK\$0.625 per Offer Share unless otherwise announced. Investors applying for the Public Offer Shares must pay on application the maximum Offer Price of HK\$0.875 for each Offer Share together with the brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange of 0.005% subject to refund if the final Offer Price is lower than HK\$0.875. The indicative Offer Price range and/or the number of Offer Shares stated in this prospectus may be reduced by the agreement between us and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) at any time prior to the morning of the last day for lodging applications under the Share Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the Stock Exchange's website at www.hkexnews.hk and our website at www.dcb.com.hk.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" of this prospectus. Prospective investors of the Offer Shares should note that the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are entitled to terminate their obligations under the Underwriting Agreements by notice in writing to us given by the Joint Lead Managers (for themselves and on behalf of the other Underwriters), upon the occurrence of any of the events set forth under the section headed "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include, but without limitation to, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, terrorism, strike or lock-out.

31 January 2018

CHARACTERISTICS OF GEM

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

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

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 gazette newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on companies listed on GEM.

EXPECTED TIMETABLE

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

Date ^(Note 1)

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

Application Forms be available from 9:00 a.m. on Wednesday,
31 January 2018

Latest time to complete electronic applications

under the **HK eIPO White Form** service
through the designated website at www.hkeipo.hk ^(Note 2) 11:30 a.m. on Monday,
5 February 2018

Application lists for the Public Offer open ^(Note 3) 11:45 a.m. on Monday,
5 February 2018

Latest time for lodging **WHITE** and **YELLOW** Application

Forms and giving **electronic application instructions** to
HKSCC ^(Note 4) 12:00 noon on Monday,
5 February 2018

Latest time to complete payments for **HK eIPO White**

Form applications by effecting internet banking
transfer(s) or PPS payment transfer(s) 12:00 noon on Monday,
5 February 2018

Application lists of the Public Offer close ^(Note 3) 12:00 noon on Monday,
5 February 2018

Expected Price Determination Date on or around ^(Note 5) Tuesday, 6 February 2018

Announcement of the (i) the Offer Price;

(ii) the indications of the level of interest in the Placing;

(iii) the level of applications in the Public Offer;

(iv) the basis of allotment of the Public Offer

Shares under the Public Offer; and (v) the number of

Offer Shares reallocated, if any, between the Public Offer

and the Placing to be published on the website

of the Stock Exchange at www.hkexnews.hk and

our Company's website at www.dcb.com.hk

on or before Tuesday, 13 February 2018

Announcement of results of allocations in the Public Offer

(with successful applicants' identification document

numbers, where applicable) to be available through

a variety of channels as described in the section headed

"How to Apply for the Public Offer Shares —

11. Publication of Results" in the prospectus from Tuesday, 13 February 2018

EXPECTED TIMETABLE

Results of allocations in the Public Offer

will be available at www.tricor.com.hk/ipo/result

with a “search by ID” function from Tuesday, 13 February 2018

Despatch/collection of share certificates or deposit

of share certificates into CCASS in respect of

wholly or partially successful applications pursuant to

the Public Offer on or before ^(Notes 7 and 8) Tuesday, 13 February 2018

Despatch/collection of **HK eIPO White Form** e-Auto

Refund payment instructions and refund cheques

in respect of wholly or partially successful applications

pursuant to the Public Offer on or before ^(Notes 9) Tuesday, 13 February 2018

Dealings in the Shares on GEM to commence at 9:00 a.m. on Wednesday,
14 February 2018

Notes:

1. All times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus.
2. 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 applications and obtained a payment 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 money) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 5 February 2018, the application lists will not open and close on that day. Further information is set out in the section headed “How to Apply for the Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists” in this prospectus. If the application lists do not open and close on Monday, 5 February 2018, the dates mentioned in this section headed “Expected Timetable” may be affected. An announcement will be made by us in such event.
4. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for the Public Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS” of this prospectus for details.
5. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or around Tuesday, 6 February 2018 or such later date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company. If the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company are unable to reach any agreement on the Offer Price by that date or such later date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company, the Share Offer will not proceed and will lapse.
6. None of the website or any information contained on that website forms part of this prospectus.

EXPECTED TIMETABLE

7. Applicants who apply for 1,000,000 or more Public Offer Shares and have provided all information required in their Application Forms that they may collect Share certificates (if applicable) and refund cheques (if applicable) in person may do so from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 13 February 2018 or any other date notified by us as the date of despatch of Share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by sending their authorised representatives each bearing a letter of authorisation from his corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar. Applicants who have applied on **YELLOW** Application Forms may not elect to collect their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to Apply for the Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.
8. Share certificates will only become valid at 8:00 a.m. on Wednesday, 14 February 2018 provided that the Share Offer has become unconditional in all respects and none of the Underwriting Agreements has been terminated in accordance with their respective terms. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.
9. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the Offer Price as finally determined is less than the 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 would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for the Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Services Provider, in the form of refund cheques, by ordinary post 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 of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation 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. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other party involved in the Share Offer have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other party involved in the Share Offer.

The contents on our Company's website at www.dcb.com.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 and should be read in conjunction with the full text of this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares.

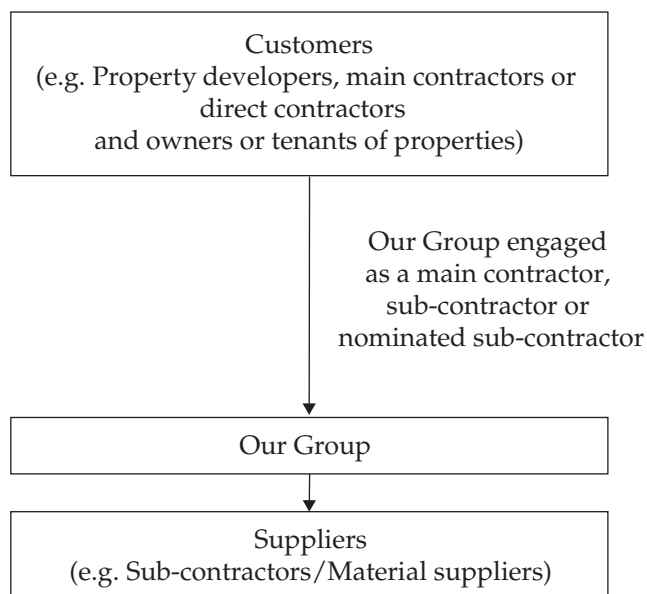
There are risks associated with any investment. Some of the particular risks of investing in the Share Offer are set forth in the section headed "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are engaged in the provision of fitting-out and renovation services in the private sector in Hong Kong. During the Track Record Period, our customers comprised (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties. Our fitting-out and renovation services mainly include provision of interior fitting-out and renovation services for different types of premises in the private sector in Hong Kong.

For all of our projects that we are engaged in, we act as the project manager and principal coordinator for the works we are responsible for which included, among other things, the overall implementation of the projects which encompasses planning, coordinating, monitoring and supervising the project from the commencement of our services to the delivery of the certificate of completion and follow-up rectification of defects during the defect liability period. We engage sub-contractors to perform all on-site labour intensive or skilled works.

Flow chart of our Group's operations



SUMMARY

The table below sets forth our revenue, gross profit and gross profit margin by operating segment during the Track Record Period.

	For the financial year ended 31 March										For the four months ended 31 July									
	2016					2017					2016					2017				
	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%
(unaudited)																				
Fitting-out works	15	71,731	40.3	6,244	8.7	17	148,883	65.9	18,051	12.1	13	51,102	57.9	4,718	9.2	16	56,061	77.4	5,474	9.8
Renovation works	50	106,474	59.7	15,251	14.3	51	76,987	34.1	8,551	11.1	26	37,201	42.1	4,632	12.5	33	16,330	22.6	2,009	12.3
Total	65	178,205	100.0	21,495	12.1	68	225,870	100.0	26,602	11.8	39	88,303	100.0	9,350	10.6	49	72,391	100.0	7,483	10.3

The following table sets out a breakdown of our Group's revenue, gross profit and gross profit margin for our projects classified by residential and non-residential nature during the Track Record Period:

	For the financial year ended 31 March										For the four months ended 31 July									
	2016					2017					2016					2017				
	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%
(unaudited)																				
Residential (Note)	42	157,242	88.2	19,053	12.1	42	205,519	91.0	23,841	11.6	29	83,210	94.2	9,050	10.9	35	68,002	93.9	7,146	10.5
Non-residential	23	20,963	11.8	2,442	11.6	26	20,351	9.0	2,761	13.6	10	5,093	5.8	300	5.9	14	4,389	6.1	337	7.7
Total	65	178,205	100.0	21,495	12.1	68	225,870	100.0	26,602	11.8	39	88,303	100.0	9,350	10.6	49	72,391	100.0	7,483	10.3

Note: Residential projects included projects for show flats located in residential and non-residential properties.

The table below sets forth our revenue, gross profit and gross profit margin by type of customers during the Track Record Period.

	For the financial year ended 31 March										For the four months ended 31 July									
	2016					2017					2016					2017				
	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%	Number of projects	HK\$'000	% of revenue	Gross profit margin	%
(unaudited)																				
Property developer	34	111,705	62.7	16,558	14.8	30	56,655	25.1	4,625	8.2	16	32,302	36.6	3,888	12.0	22	17,266	23.8	2,193	12.7
Main contractor or direct contractor	10	50,141	28.1	4,051	8.1	14	83,948	37.2	9,496	11.3	10	36,059	40.8	3,094	8.6	13	33,726	46.6	3,032	9.0
Owner or tenant of properties	21	16,359	9.2	886	5.4	24	85,267	37.7	12,481	14.6	13	19,942	22.6	2,368	11.9	14	21,399	29.6	2,258	10.6
Total	65	178,205	100.0	21,495	12.1	68	225,870	100.0	26,602	11.8	39	88,303	100.0	9,350	10.6	49	72,391	100.0	7,483	10.3

SUMMARY

MAJOR PROJECTS ON HAND

The table below sets forth details of our 12 Major Projects on hand as at the Latest Practicable Date:

Customer	Particulars and location	Type of works	Date (or expected date) of commencement of work (month/year)	Estimated completion date ⁽¹⁾ (month/year)	Awarded contract amount ⁽²⁾ (HK\$'000)	Revenue recognised		Total revenue recognised during the Track Record Period 31 July 2017 ⁽³⁾ (HK\$'000)	Outstanding contract amount as at 31 July 2017 ⁽³⁾ (HK\$'000)	Estimated revenue expected to be recognised for		Retention monies ⁽⁵⁾ (HK\$'000)	
						for the year ended 31 March 2016 (HK\$'000)	2017 (HK\$'000)			the four months ended 31 July 2017 (HK\$'000)	the year ending 31 March 2018 (HK\$'000)		31 March 2019 (HK\$'000)
Customer H	A private housing estate at Pok Fu Lam	Fitting-out work	Jul 2016	Feb 2018	74,680	10,254	21,577	31,831	42,849	54,196	10,230	-	3,534
Customer B	Hotel in Tsuen Wan	Renovation work	Sep 2017	Nov 2018	74,488	-	-	-	Not applicable ⁽⁴⁾	24,742	39,983	9,763	3,724
Property developer	Houses at Repulse Bay Road	Fitting-out work	Feb 2018	Jul 2018	51,600	-	-	-	Not applicable ⁽⁴⁾	15,583	34,339	1,678	2,580
Customer B	Units of residential building at Tuen Mun	Fitting-out work	Aug 2015	Mar 2018	44,874	22,315	4,308	40,800	4,074	8,382	-	-	515
Customer H	Lobby and club house of residential building in Tsuen Wan	Fitting-out work	May 2017	Jul 2018	43,100	-	4,743	4,743	38,357	9,483	30,815	2,802	2,155
Customer F	A house at Shek O	Fitting-out work	Aug 2017	Jul 2018	32,471	-	3	3	32,468	16,565	14,850	1,056	1,624
Construction company	Clubhouse and lobby of a residential building at Central	Renovation work	Aug 2017	Feb 2018	18,000	-	-	-	18,000	12,572	5,043	585	900
Property owner	A house in Sai Kung	Fitting-out work	Apr 2017	Mar 2018	10,287	-	3,036	3,036	7,251	9,196	765	326	514
Property owner	Clubhouse and swimming pool of residential building at Repulse Bay	Fitting-out work	Oct 2017	Mar 2018	9,186	-	-	-	Not applicable ⁽⁴⁾	6,577	2,311	298	459
Customer B	Units of residential building at Kowloon Tong	Renovation work	Sep 2015	Mar 2018	4,091	954	279	2,907	1,184	1,463	-	-	-
Interior design company	A house at Tai Tam	Renovation work	Sep 2017	Jun 2018	2,170	-	-	-	Not applicable ⁽⁴⁾	1,760	340	70	109
Customer G	Houses and units of a residential building at Kowloon Tong	Renovation work	Nov 2017	Jan 2018	1,635	-	-	-	Not applicable ⁽⁴⁾	1,173	409	53	82
Total					366,582	15,851	33,946	83,320	144,183	161,492	139,085	16,631	16,196

Notes:

- (1) The estimated completion date is the completion date stated in the relevant contract, which is subject to variation.
- (2) The awarded contract amount represents the contract amount stated in the original contract or letter of award (where the contract is yet to be executed) plus any adjustments due to variation orders issued/confirmed prior to 31 July 2017 and is subject to adjustments due to variation orders or prolongation of the project period.
- (3) Outstanding contract amount as at 31 July 2017 is calculated by the awarded contract amount (with adjustment for variation orders) minus the revenue recognised during the Track Record Period.
- (4) These projects had no outstanding contract sum as at 31 July 2017 as they were awarded to us after the Track Record Period.
- (5) The retention monies represent the retention monies withheld as per the original contract.

SUMMARY

For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, our revenue amounted to approximately HK\$178.2 million, HK\$225.9 million and HK\$72.4 million, respectively. We believe that such growth is primarily attributable to our established reputation and proven track record, efficient project implementation and management, quality control system and experienced and dedicated management team. We do not focus on a single operating segment and we select our projects on a prudent basis, with an aim to achieve our targeted profitability. For each of the two financial years ended 31 March 2017 and the four months ended 31 July 2017, the total initial contract amount awarded to us through tendering as a percentage of total initial awarded contract amount through tendering and quotation was approximately 78.1%, 87.5% and 74.6%, respectively. We completed a total of 27 Major Projects during the Track Record Period. After the Track Record Period and up to the Latest Practicable Date, we completed two Major Renovation Projects. As at the Latest Practicable Date, our Group had a total of 12 Major Projects on hand. Please refer to the section headed “Financial Information — Results of Operations of our Group” in this prospectus for a discussion of the results of our operations during the Track Record Period.

SALES AND MARKETING

Our Group’s sales and marketing activities are conducted by our sales and marketing team led by Mr. Dennis Cheng, our executive Director, and two project directors, namely, Mr. Cheung Kim Man and Mr. Lam Tin Chi. We regularly keep in contact with our customers to maintain business relationships and also to obtain information on potential upcoming projects. In addition, we will also rely on introductions/referrals made by past customers or their officers for new projects. We generally submit tenders in response to most invitations to tender from potential customers in order to maintain customers’ relationship, promote our brand name and increase our opportunity to secure new customers and projects. However, if we have deployed a large portion of our labour, financial and management resources for carrying out the works for projects on hand, we would be more selective in submitting tenders and we would be less aggressive in submitting competitive tenders and would apply a higher profit margin in the tender. Please refer to the section headed “Business — Operating Procedures — Invitation to tender/quote” in this prospectus for further details. For the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our Group was invited to submit tenders for 52, 58 and 21 projects, respectively. However, due to various reasons such as insufficient staffing capacity and limited internal financial resources, we only submitted 49, 56 and 19 tenders for the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. For the same periods, we recorded a tender success rate in terms of number of tenders submitted of approximately 14.3%, 17.9% and 10.5%, respectively, and a tender success rate in terms of contract value of 13.5%, 28.8% and 10.5%, respectively. After the Track Record Period and up to the Latest Practicable Date, we have submitted tenders for 22 invitations and declined one invitation. As at the Latest Practicable Date, we are still waiting for the results from the 22 tenders submitted after the Track Record Period. Please refer to the sections headed “Business — Sales and Marketing” and “Future Plans and Use of Proceeds — Reasons for and Benefits of the Listing” in this prospectus for further details.

CUSTOMERS

During the Track Record Period, our customers comprised (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties. For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, our Group’s five largest customers accounted for approximately 84.4%, 79.2% and 88.8% of our total revenue, respectively, with our largest customer accounted for approximately 37.8%, 29.2% and 36.4% of our total revenue, respectively.

Our fitting-out and renovation projects are mainly awarded by way of tender invitations or quotations requested by our customers or their agents directly. During the Track Record Period and up to the Latest Practicable Date, our customers engaged us on a project-by-project basis instead of entering into any long-term contract. Our Directors consider that such arrangement is in line with the industry practice as fitting-out and renovation projects are usually one-off in nature. Please refer to the sections headed “Business — Customers” and “Business — Sales and Marketing” in this prospectus for further details.

SUMMARY

SUPPLIERS

Our suppliers can be broadly categorised as (i) sub-contractors; and (ii) material suppliers. Sub-contractors are typically parties that provide installation or other technical services, such as electricians, metal workers, plumbers and carpenters and other skilled craftsmen. As at the Latest Practicable Date, we had a pool of over 200 sub-contractors from which we may choose to carry out various types of works requiring specific skill sets. For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, our Group's five largest sub-contractors accounted for approximately 32.6%, 38.2% and 40.3% of our total cost of services, respectively, with our largest sub-contractor accounted for approximately 9.0%, 14.4% and 10.8% of our total cost of services, respectively. Material suppliers do not provide any installation or technical services and only supply materials directly sourced by us. During the Track Record Period, we purchased materials which include those specified in the tender documents as well as glass, tiles, hardware, sanitary ware, wallpaper and marble from over 190 material suppliers. For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, our Group's five largest material suppliers accounted for approximately 10.1%, 3.8% and 5.8% of our total cost of services, respectively, with our largest material supplier accounted for approximately 4.6%, 1.1% and 1.6% of our total cost of services, respectively. Please refer to the section headed "Business — Suppliers" in this prospectus for further details of our suppliers.

MARKET AND COMPETITION

According to the Euromonitor Report, the fitting-out and renovation industry in Hong Kong is highly fragmented with a large pool of service providers with their own specialisation in terms of their work or types of industries. While some players may be specialised in fitting-out works only or renovation works only, there are others that handle projects specific to certain industries such as hospitality, commercial, offices or residential due to their clientele network or industry expertise. It is forecasted that the fitting-out and renovation industry will continue to grow at a CAGR of 8.1% from 2017 to 2021 primarily due to various factors, including but not limited to (i) the number of aged buildings and units will continue to increase, supporting the demand for renovation works across commercial and residential segments and (ii) the sustaining demand from the residential property market. According to the Euromonitor Report, our Group had approximately 0.6% market share in fitting-out and renovation works in Hong Kong. Please refer to the section headed "Industry Overview — Competitive landscape" in this prospectus for further details regarding the competitive landscape of the industry in which our Group operates.

KEY FINANCIAL INFORMATION AND OPERATIONAL DATA

The following is a summary of our consolidated financial information during the Track Record Period, which has been extracted from the Accountants' Report set out in Appendix I to this prospectus.

Key information extracted from consolidated statements of profit or loss and other comprehensive income

	For the financial year ended 31 March		For the four months ended 31 July	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Revenue	178,205	225,870	88,303	72,391
Gross Profit	21,495	26,602	9,350	7,483
Profit (loss) before tax	14,834	16,583	7,233	(3,744)
Profit (loss) and total comprehensive income (expense) for the year/period	<u>12,390</u>	<u>13,518</u>	<u>6,066</u>	<u>(4,327)</u>

SUMMARY

For the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our Group generated revenue of approximately HK\$178.2 million, HK\$225.9 million and HK\$72.4 million, respectively. Before taking into account the listing expenses which are non-recurring in nature, our profit before tax for the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 were approximately HK\$14.8 million, HK\$19.0 million and HK\$4.3 million, respectively. After taking into account the listing expenses charged for the financial year ended 31 March 2017 and the four months ended 31 July 2017, respectively, our profit before tax for the years ended 31 March 2016 and 2017 were approximately HK\$14.8 million and HK\$16.6 million, respectively, and our loss before tax for the four months ended 31 July 2017 was approximately HK\$3.7 million.

Key information extracted from consolidated statements of financial position

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Non-current asset	525	1,083	915
Current assets	83,525	79,392	76,676
Current liabilities	67,918	45,803	50,246
Net current assets	15,607	33,589	26,430
Total equity	15,950	34,468	27,141

Key information extracted from consolidated statements of cash flows

	For the financial year ended 31 March		For the four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Operating cash flows before movements in working capital	15,619	17,193	7,392	(3,401)
Net cash from/(used in) operating activities	24,485	(14,374)	(24,683)	(10,873)
Net cash (used in)/from investing activities	(8,711)	14,187	(198)	(1,110)
Net cash (used in)/from financing activities	(10,016)	15,820	20,009	(8,119)
Net increase (decrease) in cash and cash equivalents	5,758	15,633	(4,872)	(20,102)
Cash and cash equivalents at beginning of the year/period	1,597	7,355	7,355	22,988
Cash and cash equivalents at end of the year/period	7,355	22,988	2,483	2,886

We recorded net cash used in operating activities of approximately HK\$10.9 million for the four months ended 31 July 2017, which primarily reflected our loss before tax of approximately HK\$3.7 million, increase in net amounts due from (to) customers for contract work of approximately HK\$16.6 million, and partially offset by increase in trade and other payables of approximately HK\$9.3 million, for the four months ended 31 July 2017. We recorded net cash used in operating activities of approximately HK\$14.4 million for the financial year ended 31 March 2017, which primarily reflected our profit before tax of approximately HK\$16.6 million and partially offset by decrease in trade and other payables of approximately HK\$15.7 million, increase in trade and other receivables of approximately HK\$10.8 million and income tax paid of approximately HK\$4.4 million.

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Our net cash used in investing activities was approximately HK\$1.1 million for the four months ended 31 July 2017, primarily representing advance to immediate holding company of approximately HK\$1.0 million. Our net cash used in investing activities was approximately HK\$8.7 million for the financial year ended 31 March 2016, primarily representing advance to directors of approximately HK\$19.3 million, and partially offset by repayment from a director of approximately HK\$9.3 million and withdrawal of pledged bank deposit of approximately HK\$1.5 million.

Our net cash used in financing activities was approximately HK\$8.1 million for the four months ended 31 July 2017, primarily as a result of repayments of bank borrowings of approximately HK\$16.5 million, and offset by new bank loans raised of HK\$8.4 million. Our net cash used in financing activities was approximately HK\$10.0 million for the financial year ended 31 March 2016, primarily as a result of repayments of bank borrowings of approximately HK\$80.4 million and interest paid for bank borrowings of approximately HK\$1.1 million, which is partly offset by new bank loans raised of HK\$72.0 million.

Please refer to the section headed “Financial Information — Liquidity and capital resources — Cash flows” in this prospectus for further details about our cash positions.

Key financial ratios

	As at or for the financial year ended 31 March		As at or for the four months ended 31 July
	2016	2017	2017
Net profit margin	7.0%	6.0%	-5.9%
Return on equity	77.5%	39.1%	-15.9%
Return on total assets	14.7%	16.8%	-5.5%
Interest coverage	14.5	21.8	Not applicable
Current ratio and quick ratio	1.2	1.7	1.5
Gearing ratio	163.8%	47.8%	31.0%
Debt-to-equity ratio	117.5%	Not applicable	20.3%

Please refer to the section headed “Financial Information — Key Financial Ratios” in this prospectus for further details.

Development of operational and financial positions before and during the Track Record Period

Our Group had retained profits amounting to approximately HK\$4.1 million as of 1 April 2015 at the beginning of the Track Record Period. Since our establishment in 2008, when our scale of business was smaller than the current level, we have committed to delivering quality fitting-out and renovation services to our customers. We undertook smaller-scale projects for private and non-developer customers during our early years. Since our commencement of business and prior to the Track Record Period, we recorded accumulated losses as at 1 April 2012 even though we have been profitable for each financial year since the financial year ended 31 March 2012. Over the years, we have developed relationships with our customers who have appreciated our ability to produce quality results in a timely manner and we have built up good reputation in the industry with a proven track record of delivering our services on time and to the satisfaction of our customers. We have gradually shifted to take on large-scale projects, such as the provision of fitting-out and renovation works on a particular area (for instance the kitchen and bathroom) for a whole building and public area (for instance the clubhouse and lobby) of a building.

Furthermore, as we are limited by the total number of large-scale projects that we are able to undertake at any one time due to the level of project staff number, we gradually increased the headcounts of our project staff as the number of large-scale projects secured by us increased over the years. We merely employed six project staff as at 31 March 2012 and we increased the number of our project staff to 20, 24, 33 and 39 as at 31 March 2015, 2016, 2017 and 31 July 2017, respectively. With the expansion of our project team, we were able to increase our capacity to cope with the tendering activities and execution for more large-scale fitting-out and renovation projects, which in turn resulted in our strong revenue growth in recent financial years. In addition, as we undertook more large-scale projects which resulted in stronger revenue growth, we were able to achieve better economies of scale, which in turn enable us to improve our net profit margins (if the one-time incurrence of listing expenses for the year ended 31 March 2017 were to be excluded) over the recent financial years.

SUMMARY

LISTING EXPENSES AND RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

Business and financial updates

As at the Latest Practicable Date, we had seven Major Fitting-out Projects and five Major Renovation Projects in progress with a total contract sum of approximately HK\$266.2 million and HK\$100.4 million, respectively. After the Track Record Period and up to the Latest Practicable Date, we were awarded five Major Projects, including (i) two Major Fitting-out Projects with a total contract sum of approximately HK\$60.8 million; and (ii) three Major Renovation Projects with a total contract sum of approximately HK\$78.3 million. For further details of our Major Fitting-out Projects and Major Renovation Projects on hand, see the section headed “Business — Our Projects — Projects on hand” in this prospectus.

Our Directors are of the view that the financial results of our Group for the year ending 31 March 2018 will be adversely affected by the listing expenses in relation to the Share Offer, the nature of which is non-recurring. Our Group expects total listing expenses in relation to the Share Offer, primarily consisting of underwriting fees and commission and fees paid and payable to professional parties for their services rendered in relation to the Listing and Share Offer, are estimated to be approximately HK\$22.9 million (based on the mid-point of the indicative Offer Price range of HK\$0.75 per Offer Share). Among the estimated total listing expenses, (i) approximately HK\$8.5 million is expected to be accounted for as a deduction from equity upon Listing; and (ii) approximately HK\$14.4 million is expected to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income, of which approximately HK\$2.5 million had been recognised for the financial year ended 31 March 2017 and the remaining HK\$11.9 million is expected to be recognised for the year ending 31 March 2018. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred. The impact of the listing expenses on our profit and loss accounts have posted a material adverse change in the financial or trading position of our Group since 31 July 2017 (being the date the latest audited consolidated financial statements of our Group were made up). Prospective investors should note the impact of the listing expenses on the financial performance of our Group for the year ending 31 March 2018.

Our Group expects to record a lower gross profit margin for the year ending 31 March 2018 as compared to that for the year ended 31 March 2017 mainly due to increase in our direct staff costs for our project staff (as a result of the increase in headcount of project staff to cope with the tendering activities from time to time and execution of our Major Projects on hand and salary increment) of around HK\$6 million.

We also expect to record a lower net profit margin for the year ending 31 March 2018 as compared to that for the year ended 31 March 2017 mainly due to: (i) increase in our direct staff costs as mentioned above; (ii) increase in staff costs for our Directors and other non-project staff (as a result of increase in headcount and salary increment) of around HK\$1 million; (iii) increase in legal and professional expenses of around HK\$1 million, mainly as a result of increase in provision for auditors’ remuneration expenses, so as to meet our post-Listing obligations; and (iv) the one-time incurrence of listing expenses of approximately HK\$11.9 million.

Material adverse change

Our Group expects to incur losses for the year ending 31 March 2018 due to the listing expenses in relation to the Share Offer, the nature of which is non-recurring. Our Directors confirm that, save as disclosed in the paragraph headed “Listing expenses and recent developments subsequent to the Track Record Period — Business and financial updates” in this section, up to the date of this prospectus, there had been no material adverse change in the financial or trading position or prospects of our Group since 31 July 2017 (being the date the latest audited consolidated financial statements of our Group were made up), and there had 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.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account the allotment and issue of Shares upon the exercise of options to be granted under the Share Option Scheme), Advance Goal will beneficially own 69.0% of the entire issued share capital of our Company. Advance Goal is owned as to 55.0%, 35.0% and 10.0% by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, respectively. You may refer to the section headed “History, Reorganisation and Group Structure” in this prospectus for further details. Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu are acting together as a group of Controlling Shareholders.

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PRE-IPO INVESTMENT

On 20 February 2017, the Pre-IPO Investor subscribed for shares in DCB and was allotted 870 shares in DCB for a total cash consideration of HK\$10 million. The Pre-IPO Investor is the sister of Mr. Dick Cheng and Mr. Dennis Cheng and the sister-in-law of Ms. Liu. Immediately following the completion of the Capitalisation Issue and the Share Offer and taking no account of any Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme, our Company will be owned as to 6.0% by Active Achievor, a company wholly-owned by the Pre-IPO Investor. The total proceeds from the Pre-IPO Investment is HK\$10 million. As at the Latest Practicable Date, the proceeds from the Pre-IPO Investment have been fully utilised to settle professional fees incurred for the Listing. For details, see the section headed "History, Reorganisation and Group Structure — Pre-IPO Investment" in this prospectus.

DIVIDENDS

We currently do not have a dividend policy. During the financial years ended 31 March 2016 and 2017, DCB paid dividends of HK\$0.5 million and HK\$5.0 million, respectively, to its then shareholders. For the four months ended 31 July 2017, DCB declared a dividend of HK\$3.0 million which was settled by internal resources in January 2018. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment. The past dividend distribution record should not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

COMPETITIVE STRENGTHS

We believe the following competitive strengths will position us to achieve sustainable growth: (i) we have built a stable relationship with our major customers that include property developers; (ii) we partner with experienced and capable sub-contractors and reliable material suppliers; (iii) we are able to effectively and efficiently manage our projects within our customers' time constraints; and (iv) we have a diversified, strong and experienced management team with proven track record. You may refer to the section headed "Business — Competitive Strengths" in this prospectus for more details.

BUSINESS STRATEGIES

Having already established a successful operational framework, we propose to further strengthen and expand our business operations whilst maintaining a sustainable and competitive business model through the following strategies: (i) strengthen our financial capabilities to undertake more new and larger scale fitting-out and renovation projects; (ii) further expand our business in the non-residential sector; (iii) expand our customer base to capture new sources of projects; and (iv) further expand our in-house team and capacity to cope with future business opportunities. You may refer to the section headed "Business — Business Strategies" in this prospectus for more details.

REASONS FOR AND BENEFITS OF THE LISTING

Our Directors believe that the Listing is beneficial to our Company and our Shareholders as a whole for the following reasons: (i) the net proceeds from the Share Offer will provide additional financial resources to our Group to allow us to expand our capacity to tender for more projects in larger scale which will further strengthen our market position and expand our market share in the fitting-out and renovation industry in Hong Kong; (ii) the Listing will enhance our corporate profile and assist us in reinforcing our brand awareness and market reputation; (iii) the Listing will provide our Group with additional avenues to raise capital for our future business expansion and long-term development; (iv) the Listing may expand and diversify our capital base and Shareholders base; and (v) the Listing will enable our Company to offer an equity-based incentive program (such as the Share Option Scheme) to our employees that more directly correlates to their performance. Please refer to the section headed "Future Plans and Use of Proceeds — Reasons for and Benefits of the Listing" in this prospectus for further details.

USE OF PROCEEDS

Our Directors consider that the net proceeds from the Share Offer are crucial for financing our Group's business strategies. Details of our corporate strategies and business plans are set forth in the section headed "Business — Business Strategies" in this prospectus. 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\$37.1 million based on an Offer Price of HK\$0.75 per Offer Share (being the mid-point of the Offer Price range between HK\$0.625 and HK\$0.875 per Offer Share). It is at present intended that the net proceeds will be applied as follows:

SUMMARY

- approximately HK\$20.3 million or approximately 54.7% of the net proceeds will be used to expand our Group’s business in the fitting-out and renovation industry;
- approximately HK\$6.8 million or approximately 18.3% of the net proceeds will be used to further expand our in-house team and capacity to cope with future business opportunities;
- approximately HK\$6.4 million or approximately 17.3% of the net proceeds will be used to reduce our Group’s gearing ratio by repayment of bank borrowings; and
- approximately HK\$3.6 million or approximately 9.7% of the net proceeds will be used as general working capital of our Group.

You may refer to the section headed “Future Plans and Use of Proceeds” in this prospectus for further details.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our Group’s control. Our Group has categorised these risks and uncertainties into: (i) risks relating to the business of our Group; (ii) risks relating to our industry; (iii) risks relating to Hong Kong; (iv) risks relating to the Share Offer and our Shares; and (v) risks relating to statements in this prospectus. The following highlights some of the risks which are considered to be material by our Directors:

- We rely on several major customers who do not have long-term commitments with us
- Our fitting-out and renovation projects are not on a recurring basis and are dependent on us winning tenders and quotations
- Our Group relies on the availability of fitting-out and renovation projects in Hong Kong
- We rely on our Board members, senior management team and our project management staff in our business operation and their relationship with our customers
- We rely on our sub-contractors to complete our projects and their implementation of safety measures or procedures and compliance of relevant laws and regulations
- We may incur costs overrun which are not recoverable from our customers due to failure to accurately estimate time and control costs

You may refer to the section headed “Risk Factors” in this prospectus for further details.

SHARE OFFER STATISTICS

	Based on the minimum indicative Offer Price of HK\$0.625 per Share	Based on the maximum indicative Offer Price of HK\$0.875 per Share
Market capitalisation ⁽¹⁾	HK\$200 million	HK\$280 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company as at 31 July 2017 per Share ⁽²⁾	HK\$0.20	HK\$0.26

Notes:

1. The calculation of the market capitalisation of the Shares is based on the respective Offer Prices of HK\$0.625 and HK\$0.875 per Offer Share and 320,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer, but takes no account of any Shares which may fall to be allotted and issued pursuant to the general mandate for the allotment and issue of Shares or any Shares which may be issued upon exercise of any option that may be granted with the Share Option Scheme, or any Shares which may be repurchased by our Company pursuant to the general mandate for repurchase of Shares referred to in the section headed “Statutory and General Information — Further information about our Company — 4. Resolutions in writing of all our Shareholders passed on 19 January 2018” in Appendix IV to this prospectus.
2. The unaudited pro forma adjusted consolidated net tangible asset of our Group attributable to the owners of our Company as at 31 July 2017 per Share is arrived at after the adjustments referred in the “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Accountants’ Report”	the accountants’ report of our Group for the Track Record Period as set out in Appendix I to this prospectus
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Active Achievor”	Active Achievor Limited, a company incorporated in the BVI with limited liability on 30 March 2017 and wholly-owned by Madam Cheng
“Advance Goal”	Advance Goal Group Limited, a company incorporated in BVI with limited liability on 3 January 2017 and owned as to 55.0%, 35.0% and 10.0% by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, respectively, and one of our Controlling Shareholders
“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 that are used in connection with the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 19 January 2018 with effect from the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is contained in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board” or “our Board”	the board of Directors
“business day”	a day (excluding Saturday and Sunday and public holiday) on which licensed banks in Hong Kong are open for general banking transactions to the public
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over a certain time period

DEFINITIONS

“Capitalisation Issue”	the issue of 239,999,900 Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and General Information — Further information about our Company — 4. Resolutions in writing of all our Shareholders passed on 19 January 2018” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of the 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 Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed thereto under Rule 1.01 of the GEM Listing Rules
“Companies Law” or “Cayman Islands Companies Law”	The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
“Companies Registry”	the Companies Registry of Hong Kong

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“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	DCB Holdings Limited, an exempted company incorporated with limited liability in the Cayman Islands on 8 March 2017 and registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 14 July 2017
“Completed Projects”	in respect of any fitting-out or renovation project, (i) the date of issue of certificate of practical completion for such project, or (ii) (where (i) is not issued) the date of customer giving to our Group the written confirmation of acceptance of completion of the relevant project, or (iii) (where both (i) and (ii) are not given) the date of our Group issuing final invoice to the customer in respect of such project, and “completed” and “completion” shall have the same meaning when used in the relevant context
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholders(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus, means collectively Advance Goal, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu
“core connected person(s)”	has the meaning ascribed thereto under Rule 1.01 of the GEM Listing Rules
“Corporate Governance Code”	Part A to F (both inclusive) of Appendix 15 of the GEM Listing Rules (as amended, supplemented or otherwise modified from time to time)
“DCB”	DCB Company Limited, a company incorporated in Hong Kong with limited liability on 16 June 2008 and an indirect wholly-owned subsidiary of our Company after the Reorganisation

DEFINITIONS

“Deed of Indemnity”	the deed of indemnity dated 19 January 2018 and executed by the Controlling Shareholders as indemnifiers in favour of our Company (for ourselves and as trustee for our subsidiaries) in respect of the indemnities referred to in the paragraph headed “Statutory and General Information — Other information — 16. Estate duty/other indemnity” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 19 January 2018 and executed by the Controlling Shareholders as covenantors in favour of our Company (for ourselves and as trustee for our subsidiaries), particulars of which are set out in the paragraph headed “Relationship with our Controlling Shareholders — Deed of Non-competition” in this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Euromonitor”	Euromonitor International Limited, a global research organisation and an Independent Third Party
“Euromonitor Report”	the industry report prepared by Euromonitor and commissioned by our Company, summary of which is set out in the section headed “Industry Overview” in this prospectus
“GDP”	gross domestic product
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time)
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider

DEFINITIONS

“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at that time
“HK eIPO White Form”	the application for 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
“HKFRS”	Hong Kong Financial Reporting Standards
“HKICPA”	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, a wholly-owned subsidiary of HKSCC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of our Company
“Hong Kong Legal Advisers”	Robertsons, our Company’s legal advisers as to Hong Kong laws
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with any directors, chief executive or substantial shareholders of our Company or its subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules

DEFINITIONS

“Joint Bookrunners” and “Joint Lead Managers”	Halcyon Securities Limited, a corporation licensed by the SFC to carry on type 1 (dealing in securities), type 2 (dealings in future contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, and Head & Shoulders Securities Limited, a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Latest Practicable Date”	22 January 2018, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	listing of our Shares on GEM
“Listing Date”	the date on which dealings in our Shares first commence on GEM, which is expected to be on or about Wednesday, 14 February 2018
“Listing Division”	the Listing Division of the Stock Exchange
“Madam Cheng” or “Pre-IPO Investor”	Madam Cheng Fat Ning Lenda, sister of Mr. Dick Cheng and Mr. Dennis Cheng, and sister-in-law to Ms. Liu
“Major Fitting-out Projects”	fitting-out projects which has a contract sum of HK\$1.0 million or more
“Major Projects”	Major Fitting-out Projects and Major Renovation Projects
“Major Renovation Projects”	renovation projects which has a contract sum of HK\$1.0 million or more
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company adopted on 19 January 2018 and as amended from time to time
“Mr. Dennis Cheng”	Mr. Cheng Tsang Fu Dennis, an executive Director and one of our Controlling Shareholders. Mr. Dennis Cheng is the spouse of Ms. Liu, brother of Mr. Dick Cheng and Madam Cheng

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“Mr. Dick Cheng”	Mr. Cheng Tsang Wai, an executive Director and one of our Controlling Shareholders. Mr. Dick Cheng is the brother of Madam Cheng and Mr. Dennis Cheng, and brother-in-law to Ms. Liu
“Ms. Liu”	Ms. Liu Lee Lily, an executive Director and one of our Controlling Shareholders. Ms. Liu is the spouse of Mr. Dennis Cheng, sister-in-law to Mr. Dick Cheng and Madam Cheng
“Multi Rewards”	Multi Rewards Limited, a company incorporated in BVI with limited liability on 3 January 2017 and our direct wholly-owned subsidiary
“Offer Price”	the final offer price per Offer Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), which will not be more than HK\$0.875 per Offer Share and is expect to be not less than HK\$0.625 per Offer Share, such price to be determined in the manner further described in the section headed “Structure and Conditions of the Share Offer — Price Determination of the Share Offer” in this prospectus
“Offer Shares”	the Public Offer Shares and the Placing Shares
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of our Company for cash at the Offer Price, as further described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	72,000,000 Shares being initially offered by our Company at the Offer Price as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing Shares who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares

DEFINITIONS

“Placing Underwriting Agreement”	the conditional underwriting agreement relating to the Placing expected to be entered into on or about Tuesday, 6 February 2018 by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters relating to the Placing
“PRC” or “China”	the People’s Republic of China
“Pre-IPO Investment”	the investment made by the Pre-IPO Investor pursuant to the Pre-IPO Investment Agreement, details of which are set out in the section headed “History, Reorganisation and Group Structure — Pre-IPO Investment” in this prospectus
“Pre-IPO Investment Agreement”	the subscription agreement dated 20 February 2017 entered into among the Pre-IPO Investor (as subscriber), DCB and Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu (as guarantors) in relation to the subscription of 870 shares in DCB by the Pre-IPO Investor
“Price Determination Agreement”	the agreement to be entered into by the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Tuesday, 6 February 2018, on which the Offer Price will be determined for the purpose of the Share Offer
“property developer”	in connection with fitting out or renovation projects awarded to us, property developer includes a member of a listed or unlisted property development group, which member may be a property owner or a company which is engaged in employment of contractors or sub-contractors to deliver services for the development of such property

DEFINITIONS

“Public Offer”	the offer of the Public Offer Shares for subscription by the members of the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 8,000,000 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” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer, whose names are set out under the section headed “Underwriting — Public Offer Underwriters” of this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 30 January 2018 relating to the Public Offer entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, details of which are set out in the paragraph headed “Underwriting — Underwriting arrangements and expenses — Public Offer — Public Offer Underwriting Agreement” in this prospectus
“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the reorganisation of the corporate structure of our Group, further details of which are described under the section headed “History, Reorganisation and Group Structure” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of our Share(s)
“Share Offer”	collectively, the Public Offer and the Placing

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by our Company, further details of which are described in the section headed “Statutory and General Information — Share Option Scheme — 15. Share Option Scheme” in Appendix IV to this prospectus
“Sole Sponsor” or “Halcyon Capital”	Halcyon Capital Limited, the sole sponsor of our Company for the Listing, a corporation licensed by the SFC to carry on type 6 (advising on corporate finance) regulated activity under the SFO
“sq.ft.” and “sq.m.”	square feet and square metres, respectively
“Stock Exchange” or “HKEx”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholders”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, modified and supplemented from time to time
“Track Record Period”	the period comprising two financial years ended 31 March 2016 and 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
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“US Securities Act”	the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
“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 or applicants’ own name(s)

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

“%” per cent.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no Share which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme.

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.

FORWARD-LOOKING STATEMENTS

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

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

- our Group’s operations and business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, business objectives and goals;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control or reduce costs;
- our dividend payment;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in prices, volumes, operations, margins, overall market trends, risk management and interest rates.

We caution you that, subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as at the date of this prospectus. Any such intentions may potentially change in light of future developments.

RISK FACTORS

Potential investors of the Offer Shares should carefully consider all of the information set out in this prospectus and, in particular, the following risks and special considerations associated with an investment in our Company before making any investment decisions in relation to the Offer Shares. If any of these events occurs, our business, financial condition and results of operations could be materially and adversely affected and the trading price of the Shares may decline, and you may lose all or part of your investment.

RISKS RELATING TO THE BUSINESS OF OUR GROUP

We rely on several major customers who do not have long-term commitments with us

For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, our five largest customers mainly include property developers, main contractors or direct contractors of the fitting-out and renovation projects and owners or tenants of properties. All of our five largest customers are Independent Third Parties. For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, revenue derived from our five largest customers accounted for approximately 84.4%, 79.2% and 88.8% of our total revenue, respectively. For the same periods, revenue derived from our largest customer accounted for approximately 37.8%, 29.2% and 36.4% of our total revenue, respectively. For the background of our five largest customers, please refer to the section headed “Business — Customers” in this prospectus. We believe that our operating results will continue to depend, to a large extent, on our ability to continue to secure projects from our existing customers and to expand our customer base. We did not enter into any long-term contract with our five largest customers and our services are provided to them on project-by-project basis. We cannot guarantee that our key customers will provide us with new business, such as inviting us to tender or granting any contracts to us. We cannot assure that we will be able to maintain or improve the relationships with our key customers.

In addition, the stability of operations and business strategy of our key customers which is beyond our control will also affect us. Any material disruption to their operations due to natural or other causes, such as weather, riots, natural disaster, fire or other technical and mechanical problems could adversely affect their ability to pay us. If that occurs, we may not be able to receive payment from them in a timely manner or at all, and our liquidity and financial position will be adversely affected. Such material disruption may also reduce their demand for our services. On the other hand, if our key customers decide to downsize their business, suspend or cease marketing, development or expansion plans, or stop leasing or acquiring properties due to change in market conditions, business strategy or performance, their demand for our services will also fall.

RISK FACTORS

Furthermore, our customers may choose other service providers in the market or may cease to have any project requiring our services or may reduce the budget for projects which may utilise our services. Any significant decrease in the number or contract value of projects obtained from our key customers could lead to loss of revenue and thus have an adverse effect on our operations and profits. In addition, there is no assurance that we can diversify our customer portfolio by entering into business relationship with new customers, the failure of which may adversely affect our business, financial condition and results of operations.

Our fitting-out and renovation projects are not on a recurring basis and are dependent on us winning tenders and quotations

We do not enter into long term agreements with our customers for the provision of our fitting-out and renovation services and we need to secure our projects on a project-by-project basis and through winning tenders and quotations. As such, our revenue derived from our projects is generally non-recurring in nature and the growth of our business depends on us winning tenders and quotations. We cannot assure you that after completion of a project, we will have the opportunity to submit tenders and quotations for new projects or our customers will invite us to submit tenders and quotations for new projects or that we can be successful in winning tenders and quotations. If we are not invited by potential customers to submit tenders and quotations, or our pricing for our tenders and quotations is not competitive enough, or we cannot submit a tender within the specified time period, or we are not chosen for the project for other reasons such as unable to meet the pre-acquisition requirements for the tender or the terms and conditions of the new project are not comparable to our existing projects or commercially acceptable to us, we will be unable to generate new source of revenue and there may be a significant decrease in our revenue which may adversely affect our operation and financial results.

We rely on our Board members, senior management team and our project management staff in our business operation and their relationship with our customers

The success of our fitting-out and renovation business has been, and will continue to be, heavily dependent upon the continuing service of our executive Directors and senior management team and their relationship with our customers. In particular, we rely on the expertise and experience of, among other persons, Mr. Dennis Cheng, our executive Director and a Controlling Shareholder and Mr. Cheung Kim Man, our project director, for maintaining a good working relationship with our customers which may generate fitting-out and renovation opportunities for our Group. Please refer to the section headed "Directors and Senior Management" in this prospectus for the expertise and experience of Mr. Dennis Cheng and Mr. Cheung Kim Man. We also rely on the expertise of our project management staff in improving the overall project management and execution to a more cost-effective one in order for us to improve profit margin and achieve savings, who are crucial to our day-to-day operations and continuing success. Failing to retain them or find suitable or comparable replacements on a timely basis or at all would cause disruptions to our business and in turn our financial condition and results of operations may be adversely affected.

RISK FACTORS

We rely on our sub-contractors to complete our projects and their implementation of safety measures or procedures and compliance of relevant laws and regulations

During the execution stage of our projects, we engage sub-contractors to provide us with fitting-out and renovation works and material suppliers to supply materials for the majority of our projects. As at the Latest Practicable Date, we have established a list of approved sub-contractors that we have worked with over the years. We do not enter into any long-term contract with these sub-contractors and we engage sub-contractors on a project-by-project basis. Suitable sub-contractors may not always be readily available when our projects require their services. If any suitable sub-contractors are unavailable or we fail to find suitable sub-contractors to carry out certain works on similar terms and pricing, our ability to complete our projects may be affected. If a sub-contractor's services do not meet our standards, the quality of works may be affected and we may not be able to rectify the substandard works delivered by our sub-contractor or engage a replacement sub-contractor in time or at all, which in turn may harm our reputation and expose us to litigation and claims for damages.

Our sub-contractors are required to follow and adopt all the safety, construction and building measures and procedures as required under Hong Kong laws. If our sub-contractors are subject to charges in the event of violation of safety, environmental and/or employment laws and regulations, these may affect their ability to renew, and in the more serious case, may even result in revocation of their licences. If this happens in our projects, we will have to locate and appoint another sub-contractor(s) for replacement at additional cost. This may also lead to a lower profit margin of our Group.

We may incur costs overrun which are not recoverable from our customers due to failure to accurately estimate time and control costs

Most of our contracts with customers have a fixed and pre-determined contract sum throughout the contract period. There may also be variation orders which require us to incur costs before being agreed with customers. We determine the price of our projects based on various factors, such as the duration of works, estimated costs including subcontracting costs and material costs required to be purchased to complete a fitting-out or renovation project, the scope and complexity of works, our previous tender records, the awarded tender prices or quotation prices of similar projects, our relationship with the potential customers, payment terms and prevailing market conditions at the time when we submit our tenders or quotations to our potential customers. For details of our pricing strategy, please refer to the section headed "Business — Customers — Pricing strategies" in this prospectus. Significant deviation in any of these factors or other relevant factors from our expectation may lead to delay in completion and costs overrun by us or even unilateral termination of contracts by our customers due to unsatisfactory performance and hence adversely affect our performance and financial conditions. During the Track Record Period and up to the Latest Practicable Date, three completed projects recorded an aggregate amount of losses of approximately HK\$0.1 million. Please refer to the section headed "Business — Customers — Pricing strategies" in this prospectus for further details. The actual costs incurred may be affected by various uncontrollable circumstances such as: (i) shortage and cost escalation of materials and sub-contractors; (ii) variations of the design and plan as requested by our customers; (iii) disputes with our customers,

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material suppliers or sub-contractors; (iv) change in the regulatory requirements, government policy and inflation rate; and (v) adverse weather condition and unforeseen problems and circumstances. Further, we are liable at our own expense for any defective works which is carried out during the defect liability period and therefore if there is any material rectification required on material defects, the costs involved with such rectification may not be recoverable from our customers, material suppliers or sub-contractors and may have a material adverse effect on our Group's financial results.

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

In delivering our fitting-out and renovation services, we rely on our sub-contractors in providing a range of services to complete our projects. Since the fitting-out and renovation business is labour intensive in nature, our sub-contractors will need to maintain a stable supply of skilled workers at a competitive price. In the event of labour shortages, we and our sub-contractors may need to compete with other industry participants for skilled workers or may face increasing labour costs. Competition for qualified personnel is substantial and labour costs have been increasing generally and our sub-contractors may in turn increase the subcontracting costs charged to us due to cost pressure. We cannot assure you that we can retain and attract sufficient sub-contractors on commercially reasonable terms, or at all. If we or our sub-contractors are unable to attract, retain or replace skilled workers and/or there is a significant increase in costs of labour, we may not have sufficient workforce to implement our current or future projects on time and within budget, and our business and results of operations will be adversely affected or our margin may be affected if we cannot pass the costs to our customers.

We recorded net cash used in operating activities for the year ended 31 March 2017 and the four months ended 31 July 2017

We recorded net cash used in operating activities of approximately HK\$10.9 million for the four months ended 31 July 2017, which primarily reflected our loss before tax of approximately HK\$3.7 million, increase in net amounts due from (to) customers for contract work of approximately HK\$16.6 million, and partially offset by increase in trade and other payables of approximately HK\$9.3 million, for the four months ended 31 July 2017. We recorded net cash used in operating activities of approximately HK\$14.4 million for the financial year ended 31 March 2017, which primarily reflected our profit before tax of approximately HK\$16.6 million and partially offset by decrease in trade and other payables of approximately HK\$15.7 million, increase in trade and other receivables of approximately HK\$10.8 million and income tax paid of approximately HK\$4.4 million. Please refer to the section headed "Financial Information — Liquidity and capital resources — Cash flows" in this prospectus for details of our cash positions during the Track Record Period.

Our Directors believe that in the long term, our operations will be funded by cash generated from our operations, banking facilities as well as other external equity and debt financing. In the event that we are unable to generate positive operating cash flow, we may require to obtain sufficient external financing to meet our financial needs and obligations and such financing activities may increase our finance costs, and we cannot

RISK FACTORS

guarantee that we will be able to obtain the financing on terms acceptable to us, or at all. If we are unable to do so, we will be in default of our payment obligations and may not be able to develop our projects as planned. As a result, our business, financial condition and results of operations may be materially adversely affected.

There is no guarantee that we will receive progress payment on time or retention money on time or in full

We normally apply for interim payments each month, and subsequently receive interim payments from our customers. An interim payment is generally made monthly by submitting interim payment application based on the progress of the fitting-out or renovation works completed on site. For further details of the process, please refer to the section headed “Business — Operating Procedures — Application for interim payment and certification” in this prospectus. Depending on the terms and conditions of the relevant contracts, we typically will get settlement from our customers within 28 days of submitting an invoice to our customers. As at 31 March 2016, 31 March 2017 and 31 July 2017, all of our trade receivables of approximately HK\$10.1 million, HK\$19.8 million and HK\$18.1 million, respectively, were past due but not impaired as there has not been a significant change in credit quality. For the two years ended 31 March 2017 and the four months ended 31 July 2017, our trade receivable turnover days were approximately 16.1 days, 24.2 days and 31.9 days, respectively. In addition, our customers normally hold retention money of typically 5% to 10% of each interim payment, until 5% of a total contract amount is reached. 50% of the retention money is usually released after the issue of the certificate of practical completion and the remaining portion is usually released upon the issue of certificate of making good defects after the expiry of the defect liability period which is typically 12 months or for certain projects 24 months. The interim payments or the retention money may not be paid by our customers to us on time or in full due to their own financial arrangement or due to delay in issuing monthly interim certificates or dispute on the examination process of completed works. As at 31 March 2016, 31 March 2017 and 31 July 2017, our retention receivables amounted to approximately HK\$0.7 million, nil and nil, respectively. Further, our customers may make changes to the original design or require additional services through variation orders in the course of a project. The additional works carried out by us may not be fully covered under the scope of variation orders set out in the original contract terms. We could be engaged in prolonged negotiation with our customers with respect to the settlement of progress payments or of the final payments from time to time, which requires a lot of administration work and expends manpower that may be used elsewhere. As at 30 November 2017, approximately HK\$9.9 million in relation to amounts due from customers for contract works (including the amount of variation orders for contract works) of approximately HK\$50.7 million as at 31 July 2017 remained unbilled to customers. Such amounts remained unbilled to our customers mainly due to (i) the assessment including the certification for the progress payment and the verification for the variation orders; and (ii) unbilled retention for contract work held by respective customers. Any failure by our customers to make any payment on time or in full may have a material adverse effect on our liquidity position. Any failure by our customers to eventually repay the amount to us may have a material adverse effect on our operating results.

RISK FACTORS

Negative publicity or damage to our business reputation may have potential adverse impact on our business

Our Group heavily relies on our reputation and the reputation of our team as we generally obtain our contracts through customers who have experience and understanding in our quality of fitting-out and renovation services. Negative publicity associated with our Group and/or our team could result in the loss of customers or lead to increasing difficulty in securing new projects based on our Group's reputation. If any customer who is not satisfied with our services, whether justified or not, raises any complaint regarding our Group which comes to the attention of the public, our existing or potential customers, the business, brand and reputation of our Group may be adversely affected, which will in turn, adversely affect our growth prospects and financial condition.

Our Group's insurance coverage may not be sufficient to protect our Group against potential liabilities arising during the course of operations and we are subject to increase in insurance premiums

Our Group's insurance policies may not cover all our risks or payments or adequately protect us against all liabilities arising from claims and litigation against our Group. We will have to bear any losses, damages or liabilities in the course of our operations arising from events for which we do not have adequate insurance cover. Further, the insurance premium payable by our Group depends on various factors including the scope and contract sum of the projects undertaken by us and our insurance claim track record. There is no assurance that the insurance premium payable by us will not increase or the insurance coverage will not be reduced in the future. If we were held liable for uninsured losses, or the amounts of claims for insured losses exceeding the limits of our insurance coverage, or the insurance premium payable by our Group increases significantly, our business, financial position and operating results may be materially and adversely affected.

Our historical results may not be indicative of our future financial performance

For each of the two financial years ended 31 March 2017 and the four months ended 31 July 2017, our Group's revenue amounted to approximately HK\$178.2 million, HK\$225.9 million and HK\$72.4 million, respectively and our Group's net profit for the financial years ended 31 March 2016 and 2017 amounted to approximately HK\$12.4 million and HK\$13.5 million, respectively, and our loss for the four months ended 31 July 2017 was approximately HK\$4.3 million. Our historical financial performance may not be an accurate reflection of our future financial performance. Our historical operations largely depend on our ability to retain existing customers and attract new ones and take advantage of any growth in the relevant markets. Year-to-year comparisons of our operating results during the Track Record Period may not be indicative of our future performance and you should not rely on them to predict the future performance of our operating results or the price of our Shares. There is no guarantee that our Group can continue to achieve the same or higher level of financial performance as we did during the Track Record Period in the future.

RISK FACTORS

Any claims or legal proceedings to which our Group may become involved with may have a material and adverse impact on our business

Our Group may be subject to claims for personal injury and property damage arising in connection with our Group's projects. Our Group may also become involved in proceedings relating to, among other things, warranty, indemnification or liability claims, contractual disputes with customers or sub-contractors, labour disputes, workers' compensation, and safety, environmental or other legal requirements. As a result of such potential legal proceedings, this may divert management's attention away from the operations of the business and may adversely affect the operations of our Group. Legal proceedings are often expensive and may be even more expensive should our Group be liable to pay compensation or damages. Any claims or legal proceedings that our Group may become involved with may adversely affect our Group's financial position.

Risk of uncertainties of our future plans

Our business objectives are accomplished by implementing various future business plans. Our Directors believe that our future success depends on our ability to continually expand our base of customers and increase the number and size of fitting-out and renovation projects we undertake. However, such expansion plan is formulated based on assumptions as to the occurrence of certain future events, which may or may not materialise, and thus it is subject to a series of uncertainties and risks, including but not limited to:

- lack of sufficient capital financing and potential ongoing financial obligations;
- failure to achieve the intended level of profitability;
- delays or difficulties in securing suitable customers; and
- diversion of resources and management attention.

As such, there is no assurance that our expansion plan will materialise within the planned time frame, or at all, or that our business objectives will be fully or partially accomplished. Our Group's future plans may also be hindered by other factors beyond our control, such as the general market conditions, the economic and political environment of Hong Kong and the PRC and the world. In the event that we fail to accomplish our expansion plan or to do so in a timely manner, we may be unable to achieve our planned future business growth and our operating results may be adversely affected.

RISK FACTORS

RISKS RELATING TO OUR INDUSTRY

Subcontractors engaged by us for completing our projects require compliance with applicable laws and regulations which are subject to change

Since we engage sub-contractors for the majority of our site works, we have to ensure that our sub-contractors comply with a number of construction, safety, building and environmental protection laws, regulations and requirements in Hong Kong. If our sub-contractors fail to meet the applicable laws and regulations, we or our sub-contractors may be subject to fines or required to make remedial measures which may have an adverse effect on the operations and financial conditions of our Group. Furthermore, there is no assurance that the applicable laws and regulations will not change in the future. We may incur additional costs and projects may be delayed in order to comply with the new laws and regulations which may adversely affect the profitability of our Group.

Our business is affected by the development and growth in property market and the construction industry

We operate our business in Hong Kong and factors which will impact the construction industries will likely have an impact on our business. For example, any sudden change in the property market may affect the buying and leasing of residential and commercial property which in turn will affect the demand for our services. In the event that the development and growth of the property industry is not sustained or slows down, or there is any change in market expectation on our customers' industry, our business, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, the construction industry in Hong Kong is suffering from labour shortage, which is mainly due to the growing construction industry in Hong Kong and the shortage of experienced and skillful labour as a number of skilled construction workers are approaching the age of retirement while young people are reluctant to join the construction industry. In addition, the general increases in construction material prices are affected by, among other factors, the strong construction demand. The potential increase in the cost of construction workers and construction materials could materially and adversely affect our Group's business operations and financial performance.

We face competition from existing companies in the fitting-out and renovation industry

We face competition from existing reputable contractors or new comers who may be able to offer services of higher quality at lower prices. In order to stay competitive in this industry, market participants have to ensure a high quality of work is maintained and may sacrifice their profit in order to successfully undercut competition to successfully secure tenders. There is no assurance that our Group's business will remain competitive in this industry. Failure to maintain or enhance our competitiveness in the industry may lead to lower profit margins and loss of market share, which may in turn affect our profitability and operating results adversely.

RISK FACTORS

Personal injuries, property damages or fatal accidents may occur at work sites

We cannot guarantee that our employees, or those of our sub-contractors will follow our safety measures and/or will not breach any applicable rules, laws or regulations. Personal injuries, property damage or fatal accidents may result if any such employees fail to follow the safety measures at our project sites. Any personal injuries and/or fatal accidents to the employees of our Group or our sub-contractors may lead to claims or other legal proceedings against our Group. Such claims may expose us to the risk of bearing higher insurance premiums in the future. They may also harm the reputation of our Group if they turn into high profile cases and become widely reported in the media or within the industry. If such incidents occur, our business prospects, reputation and results of operation may be adversely and materially affected.

Our future contracts may be caught by the proposed Security of Payment Legislation (the “SOPL”) for the construction industry

The Government launched a 3-month public consultation on the SOPL which aims to cover all construction activities and maintenance, repair and renovation works in the public sector. In the private sector, only construction contracts relating to a “new building” as defined by the Building Ordinance of which the main contract has an original value in excess of HK\$5 million will be covered by the SOPL. Once the SOPL comes into effect, it will prohibit contract terms that make payment conditional upon the receipt of payment from a third party and payment periods of more than 60 calendar days for interim payments and 120 calendar days for final payments. Further, amounts due for construction works can be claimed as statutory payment claims and parties may be granted the statutory right to suspend the performance of works until the relevant payment is made. For more details in relation to the SOPL, please refer to the section headed “Regulatory Overview — Proposed Security of Payment Legislation for the Construction Industry” in this prospectus.

In the event that our future contracts are caught by the SOPL, we will be obligated to pay the subcontractors within 60 calendar days for interim payments and 120 calendar days for final payments even before we are paid by our customers. As we generally rely on the cash inflow from our customers to meet our payment obligations owed to our subcontractors, the passing of the SOPL exposes us to the risk that if there are multiple customers delay in payment simultaneously, obligation of payment to our subcontractors within the specified periods under the SOPL may create pressure on our cash flows and even affect our financial capacity to undertake new projects.

RISK FACTORS

RISKS RELATING TO HONG KONG

Our Group relies on the availability of fitting-out and renovation projects in Hong Kong

Our Group's business performance is generally affected by the number and availability of fitting-out and renovation projects 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 Hong Kong property market, the general conditions of Hong Kong property market, and the amount of investment in the construction of new developments and improvement of existing buildings. Unfavourable changes in these factors may result in a significant decrease in the number of fitting-out and renovation projects available in Hong Kong in general. For instance, an economic downturn, an outbreak of epidemic disease, and/or adverse government policies in respect of the Hong Kong property market may lead to a significant decline in the number of construction projects and renovation of buildings and/or facilities in Hong Kong, thereby resulting in a decline in the number of fitting-out and renovation projects available. There is no assurance that the number of fitting-out and renovation projects in Hong Kong will not decrease in the future. In the event that there is a decrease in the availability of fitting-out and renovation projects, our Group's business and the results of operations may be adversely and materially affected. For further details of the fitting-out and renovation industry in Hong Kong, please refer to the section headed "Industry Overview" in this prospectus.

The state of economic and political environment may affect our business

The general economic conditions in Hong Kong may affect our business and financial positions. Our Group's performance and financial position is heavily dependent on the state of economy in Hong Kong as all our revenue was generated from the Hong Kong market during the Track Record Period. In the event that there is a downturn in the economy of Hong Kong, our Group's results of operations and financial position may be severely affected.

The state of political environment in Hong Kong may affect our business and financial positions. Hong Kong is a special administrative region of the PRC and enjoys a high level of autonomy under the principle of "one country, two systems" according to the Basic Law of Hong Kong. However, our Group is not in any position to guarantee the implementation of the "one country, two systems" principle and the level of autonomy as currently in place at the moment. Since our primary operations are substantially located in Hong Kong, any change of such political arrangements may pose immediate threat on the stability of the economy in Hong Kong, thereby directly and negatively affecting our results of operations and financial positions.

RISK FACTORS

Natural disasters, acts of war, terrorist attacks, political unrest and other events may have negative impact on our business

Natural disasters and other acts of god which are beyond our control may materially and adversely affect the economy and livelihood of the people in Hong Kong. Our operations and financial condition may be adversely affected, especially when such events occur in regions in which our operations, independent manufacturers and raw material suppliers are located.

Acts of war, terrorists' attacks and political unrest may cause damage or disruption to our facilities, our employees, sub-contractors, material suppliers and our markets, any of which could materially and adversely affect our overall results of operations and financial condition.

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

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

Prior to the Share Offer, there has been no public market for the Shares. There is no guarantee that an active trading market for our Shares will develop or be sustained upon completion of the Share Offer. The initial Offer Price range for our Shares as disclosed in this prospectus was the result of negotiations between us and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Share Offer. While we have applied for the listing of, and permission to deal in, our Shares on the Stock Exchange, there is no guarantee that an active and liquid trading market for our Shares will develop, or if it does develop, will be sustained following the Share Offer or that the market price of our Shares will not decline following the Share Offer. We give no assurance that these developments will not occur in the future.

The trading price and the trading volume of our Shares may be highly volatile and may be affected by the following factors:

- actual or anticipated fluctuations in our results of operations;
- recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;

RISK FACTORS

- changes in investors' perception of our Group and the investment environment generally;
- the liquidity of the market for the Shares;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or the industry in which we operate;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- political, social and economic conditions in Hong Kong;
- developments in information technology; and
- release of lock-up or other transfer restrictions on our Shareholders.

Moreover, in recent years, the securities markets have experienced significant price and volume fluctuations, some of which may not relate to the operating performance of particular companies. These market fluctuations may adversely affect the market price of our Shares.

Future sales of substantial amounts of the Shares in the public market could adversely affect the prevailing market price of the Shares. Our Controlling Shareholders have given a non-disposal undertakings to our Company, the Stock Exchange, the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) in respect of their Shares and our Company will not be allowed to issue Shares or securities convertible into equity securities of our Company within six months from the Listing Date. Please refer to the section headed "Underwriting" in this prospectus for a more detailed discussion of the restrictions that may apply to future issues and sales of the Shares. After these restrictions lapse, the market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect our Group's ability to raise capital in the future at a time and at a price it deems appropriate.

RISK FACTORS

Shareholders' interests in our Company may be diluted in the future

Our Group may issue additional Shares upon exercise of options to be granted under the Share Option Scheme. In addition, our Group may need to raise additional funds in the future to finance a business expansion, which may relate to existing operations, new business developments and/or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be reduced and they may experience dilution of their proportionate interest in our Company; and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

Under the HKFRS, the costs of share options to be granted under the Share Option Scheme will be charged to our Group's consolidated statements of profit or loss and other comprehensive income over the vesting period by reference to the fair value at the date of granting of the share options. Our Group's profitability may be adversely affected during the vesting period over the life of any outstanding share options granted or to be granted under the Share Option Scheme. Upon exercise of the outstanding share options, our Company shall allot and issue further new Shares to the holders of such outstanding share options which will result in dilution of shareholders' interests in our Company.

There may be difficulties in protecting your interests because our Company is incorporated under the laws of the Cayman Islands and these laws could provide different protections to minority shareholders than the laws of Hong Kong

Our corporate affairs are governed by our Memorandum and Articles and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that our minority shareholders may have different protections than they would have under the laws of Hong Kong and other jurisdictions. For more details, please see the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III of this prospectus.

The sale or availability for sale of substantial amounts of Shares could adversely affect their trading price

Sales of substantial amounts of Shares in the public market after completion of the Share Offer or the perception that such sales could occur would adversely affect the market price of our Shares and materially impair our future ability to raise capital through Share offerings. Shares owned by our Controlling Shareholders are subject to lock-up periods. There can be no assurance that they will not dispose of these Shares following expiration of lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, significant future sale will have on the market price of our Shares.

RISK FACTORS

RISKS RELATING TO STATEMENTS IN THIS PROSPECTUS

Certain facts and statistics included in this prospectus may not be relied upon

Certain facts and other statistics in this prospectus are derived from various sources including the Euromonitor Report and various official government publications that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken all reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters or any of their respective directors, affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

The current market condition may not be reflected in the statistical information included in this prospectus

The historical information set out in this prospectus relating to market conditions and valuation may not reflect the current market situation due to rapid changes in the global economy. In order to provide context to the industry in which we operate, and greater understanding of our market presence and performance, various statistics and facts have been provided throughout this prospectus. However, this information may not reflect current market condition as the recent economic upturn may not be fully factored into these statistics, and the availability of the latest data may lag behind of this prospectus. As such, any information relating to market shares, sizes and growth, or performance in these markets and other similar industry data should be viewed as historical figures that may have little value in determining future trends and results.

Investors should note that one or more of these risks or uncertainties may materialise, or one or more of the underlying assumptions may prove incorrect.

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 (WUMP) 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 to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus sets out the terms and conditions of the Share Offer. This prospectus is published solely in connection with the Share Offer, which is sponsored by the Sole Sponsor and managed by the Joint Bookrunners and Joint Lead Managers and to be fully underwritten by the Underwriters (subject to the terms and conditions of the Underwriting Agreements). Further information about the Underwriters and the underwriting arrangements is contained in the section headed "Underwriting" in this prospectus.

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 Joint Lead Managers (for themselves and on behalf of the other Underwriters) on the Price Determination Date, or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters). If, for whatever reason, our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) are unable to reach agreement on the Offer Price by the Price Determination Date, or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) the Share Offer will not proceed and will lapse. 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.

RESTRICTIONS ON SALE OF OFFER SHARES

No action has been taken to permit any offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the related Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such 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/or the related Application Forms 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, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Each person acquiring the Offer Shares will be required to confirm, or by his/her/it acquisition of the Offer Shares be deemed to confirm, that he/she/it is aware of the restrictions on the offer of the Offer Shares described in this prospectus and/or the related Application Forms and that he/she/it not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective subscribers for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Further details of the structure and conditions of the Share Offer are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme). Under section 44B(1) of the Companies (WUMP) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, 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 all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules). Accordingly, a total of 80,000,000 Offer Shares, which represents 25% of the enlarged issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be made available under the Share Offer.

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

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROFESSIONAL TAX ADVICE RECOMMENDED

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

REGISTRATION AND STAMP DUTY

Our fully-paid Shares are freely transferable. The Shares may be registered on the principal register of members in the Cayman Islands or on the branch register of members of our Company in Hong Kong.

Our Company's principal register of members will be maintained in the Cayman Islands by our Company's principal share registrar, Conyers Trust Company (Cayman) Limited, and our Company's branch register of members will be maintained in Hong Kong by our Hong Kong branch share registrar, Tricor Investor Services Limited.

All the Offer Shares will be registered on the branch register of members of our Company in Hong Kong maintained by the Hong Kong branch share registrar. Only Shares registered on our branch register of members maintained in Hong Kong may be traded on GEM, unless the Stock Exchange otherwise agrees. Dealings in the Offer Shares registered on the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless our Company determines otherwise, dividends payable in HK\$ 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 holder.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Wednesday, 14 February 2018. Shares will be traded in board lots of 5,000 each. The stock code for the Shares is 8040.

Our Company will not issue any temporary documents of title. Dealings in the Shares on GEM will be effected by participants of GEM whose bid and offer quotations will be available on the GEM's teletext page information system. Delivery and payment for Shares dealt on GEM will be effected on the second business day following the transaction date. Only certificates for Shares registered on the branch register of members of our Company maintained in Hong Kong will be valid for delivery in respect of transactions effected on GEM. If you are unsure about the procedures for dealings and settlement arrangement on GEM on which the Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

LANGUAGE

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

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Cheng Tsang Wai (鄭曾偉)	Duplex 9, 8 & 9/F Dynasty Villa 3, Dynasty Heights 2 Yin Ping Road, Kowloon Hong Kong	Chinese
Mr. Cheng Tsang Fu Dennis (鄭曾富)	Flat A, 1st Floor, Block 7 Beverly Villas 16 La Salle Road Kowloon Tong, Kowloon Hong Kong	Chinese
Ms. Liu Lee Lee Lily (廖莉莉)	Flat A, 1st Floor, Block 7 Beverly Villas 16 La Salle Road Kowloon Tong, Kowloon Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Cheung Kwok Keung (張國強)	Flat D, 32/F, Block 2B The Latitude 638 Prince Edward Road East Sun Po Kong, Kowloon Hong Kong	Chinese
Mr. Chak Chi Man (翟志文)	Flat C, 13/F 97 Broadway Mei Foo Sun Chuen Lai Chi Kok, Kowloon Hong Kong	Chinese
Mr. Chu Wai Wa Fangus (朱偉華)	Flat C, 22/F Bon-point 11 Bonham Road Mid-levels Hong Kong	Chinese

Further information on our Directors is disclosed in the section headed “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED

Sole Sponsor

Halcyon Capital Limited
11/F, 8 Wyndham Street, Central
Hong Kong

Joint Bookrunners and Joint Lead Managers

Halcyon Securities Limited
11/F, 8 Wyndham Street, Central
Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F, Cosco Tower
183 Queen's Road Central
Hong Kong

Public Offer Underwriters

Halcyon Securities Limited
11/F, 8 Wyndham Street, Central
Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F, Cosco Tower
183 Queen's Road Central
Hong Kong

ChaoShang Securities Limited
Room 4001-2, China Resources Building
26 Harbour Road, Wanchai
Hong Kong

Sun International Securities Limited
Unit 2412-13, 24/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Easy One Securities Limited
Room 2106B & 2108-9, Wing On Centre
111 Connaught Road Central
Hong Kong

Aurora Borealis Investment Services Limited
Room 302, Haiphong Mansion
101 Nathan Road, Tsim Sha Tsui, Kowloon
Hong Kong

Ruibang Securities Limited
9/F, Sang Woo Building
227-228 Gloucester Road, Wanchai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Grand Moore Capital Limited
Unit 1607, 16/F, Silvercord Tower 1
30 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Legal advisers to our Company *As to Hong Kong law*

Robertsons
57th Floor
The Center
99 Queen's Road Central
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

**Legal advisers to
the Sole Sponsor and
the Underwriters** *As to Hong Kong law*

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

**Auditors and reporting
accountants** **Deloitte Touche Tohmatsu**
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

**Independent industry
consultant** **Euromonitor International Limited**
60-61 Britton Street
London
EC1M 5UX
United Kingdom

Receiving bank **Standard Chartered Bank (Hong Kong) Limited**
15/F., Standard Chartered Tower
388 Kwun Tong Road
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	22G, COS Centre 56 Tsun Yip Street Kwun Tong, Kowloon Hong Kong
Company's website	www.dcb.com.hk <i>(information contained in this website does not form part of this prospectus)</i>
Company secretary	Mr. Au Hok Man Jefferson (歐學文), CPA Flat A2, 5th Floor, Block A Belcher Court 2 Sai Cheung Street Kennedy Town Hong Kong
Compliance officer	Ms. Liu (廖莉莉) Flat A, 1st Floor, Block 7 Beverly Villas 16 La Salle Road Kowloon Tong, Kowloon Hong Kong
Authorised representatives (for the purpose of GEM Listing Rules)	Ms. Liu (廖莉莉) Flat A, 1st Floor, Block 7 Beverly Villas 16 La Salle Road Kowloon Tong, Kowloon Hong Kong Mr. Au Hok Man Jefferson (歐學文) Flat A2, 5th Floor, Block A Belcher Court 2 Sai Cheung Street Kennedy Town Hong Kong

CORPORATE INFORMATION

Audit committee	Mr. Cheung Kwok Keung (張國強) (<i>Chairman</i>) Mr. Chak Chi Man (翟志文) Mr. Chu Wai Wa Fangus (朱偉華)
Remuneration committee	Mr. Chak Chi Man (翟志文) (<i>Chairman</i>) Ms. Liu (廖莉莉) Mr. Chu Wai Wa Fangus (朱偉華) Mr. Cheung Kwok Keung (張國強)
Nomination committee	Mr. Dick Cheng (鄭曾偉) (<i>Chairman</i>) Mr. Chu Wai Wa Fangus (朱偉華) Mr. Cheung Kwok Keung (張國強) Mr. Chak Chi Man (翟志文)
Compliance adviser	Halcyon Capital Limited 11/F, 8 Wyndham Street, Central Hong Kong
Principal share registrar and transfer office	Conyers Trust Company (Cayman) Limited Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 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	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

INDUSTRY OVERVIEW

The information that appears in this section has been prepared by Euromonitor International Limited and reflects estimates of market conditions based on publicly available sources and trade opinion surveys. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of the shares or the advisability of investing in the Company. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor and set out in this section has not been independently verified by our Group, the Sole Sponsor, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer (other than Euromonitor) and none of them gives any representations as to its accuracy and the information should not be unduly relied upon in making, or refraining from making, any investment decision.

SOURCES OF INFORMATION

In connection with the Listing, we have commissioned Euromonitor International Limited, an Independent Third Party, to conduct a study of the fitting-out and renovation works industry in Hong Kong at a fee of US\$40,000. Established in 1972, Euromonitor is a global research organisation with over 1,000 full-time staff and field-based analysts in 80 countries worldwide, providing trade and strategy research and detailed local market analysis, and has accumulated over 15 years of industry experience in Hong Kong. Except for the Euromonitor Report, we have not commissioned any other customised research report in connection with the Listing or this prospectus.

The objective of the research is to provide an independent assessment of the fitting-out and renovation works industry in Hong Kong and to attain an objective, comprehensive and accurate overview of the industry.

RESEARCH METHODOLOGIES

In compiling and preparing the Euromonitor Report, Euromonitor used the following methodologies to collect multiple sources, validate the data and information collected and cross-check each respondent's information and views against those of others:

- Secondary research involved the review of published sources such as the Census and Statistics Department of Hong Kong, the Buildings Department, the Rating and Valuation Department of Hong Kong, the Construction Industry Council, Civil Engineering and Development Department, specialist trade press and associations such as the Hong Kong Interior Design Association, the Hong Kong Construction Association, company reports including audited financial statements where available and independent research reports.

INDUSTRY OVERVIEW

- Primary research involved interviews and surveys with a sample of leading industry participants and experts for the latest data and insights into future trends, supplemented by verification and cross-checking of data and research estimates for consistency.
- Projected data was obtained from a historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers.
- Review and cross-checks of all sources and independent analysis to build final estimates including the size, shape, drivers and future trends of the fitting-out and renovation works industries in Hong Kong and preparation of the final report.

Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the Euromonitor Report which may qualify, contradict or have an impact on the information in this section.

FORECASTING BASES AND ASSUMPTIONS

The following assumptions were based on in the Euromonitor Report:

- The Hong Kong economy is expected to maintain steady growth over the forecast period;
- The Hong Kong social, economic and political environments are expected to remain stable during the forecast period;
- Key market drivers such as Hong Kong's moderate and steady GDP growth and the gradual expansion of Hong Kong's construction industry are expected to boost the development of Hong Kong's fitting-out and renovation works markets;
- Key drivers including the Government's pledge to increase public housing supply and regulatory requirements on building maintenance are likely to drive the future growth of Hong Kong's fitting-out and renovation works market.

The research results may be influenced by the accuracy of these assumptions and the choice of these parameters. The market research was completed in May 2017 and all statistics in the Euromonitor report are based on information available at the time of reporting. Euromonitor's forecast data is derived from an analysis of the historical development of the market, the economic environment and underlying market drivers, and it is cross-checked against established industry data and trade interviews with industry experts.

MACROECONOMIC ENVIRONMENT AND CONSTRUCTION WORKS IN HONG KONG

Hong Kong's economy has performed well

Hong Kong's economy grew at a CAGR of 5.2% during the Review Period of 2012 to 2016 (the "**Review Period**"). Gross national income grew proportionally together with GDP growth, expanding by a CAGR of 5.7% over the same review period to reach HK\$2,575 billion in 2016. Its growth in 2016 slipped to 2.0% due to the grim global economic situation that weakened its external demand. The domestic sector remains the key driver for the Hong Kong economy as domestic income and employment conditions are stable.

Moving ahead, the economic conditions remain uncertain. The Hong Kong Government ("**Government**") has estimated that the country will grow at an average of 3% from 2017 to 2021. Government expenditure will continue to increase in order to stimulate the economy. Infrastructure will account for the biggest part, amounting to 18.1%, of the total government expenditure, followed by education, social welfare and healthcare.

Construction industry the second-largest contributor to GDP

The Hong Kong economy is highly service-oriented as services accounted for more than 92% of nominal GDP in the Review Period. The construction industry was the next largest contributor of HK\$109.8 billion in 2015. Its contribution to GDP climbed steadily from 3.6% in 2012 to 4.6% in 2015. The real estate boom as well as the Government's focus on infrastructure development drove demand for construction services in the country during the Review Period. In particular, several mega construction projects, rolled out under the "Ten Major Infrastructure Projects" plan in the 2007/8 Policy Address have provided a significant boost to construction activities and the Government remains robust with their infrastructure spending with more construction projects in the pipeline.

Total construction spending amounted to HK\$237.5 billion in Hong Kong

According to statistics published by the Construction Industry Council ("**CIC**"), total construction expenditure in Hong Kong grew at a CAGR of 7.6% to reach HK\$237.5 billion in 2016. The CIC's data for construction expenditure is further split into public sector expenditure and private sector expenditure. Public sector works refer to construction works for any public authority such as government departments, public utilities, nationalised industries, universities, the postal service, new town corporations, housing associations etc., while private sector works refer to construction works for a private owner, organisation or developer, and include works carried out by firms on their own initiative.

INDUSTRY OVERVIEW

Private sector spurred growth of the overall industry

Private sector works accounted for more than half of the total construction expenditure and enjoyed a healthy CAGR of 9.1% during the Review Period, which helped to expand its representative share from 52.2% in 2012 to 55.3% in 2016. Building works, repair and maintenance and alteration and additional works are key components that represented 80% of the construction expenditure in the private sector. Both segments saw a CAGR growth of 9.7% and 8.4%, respectively.

Table 1 Construction Expenditure in Hong Kong (2011/12-2015/16)

September 2016 prices (HK\$ billion)	2011/12	2012/13	2013/14	2014/15	2015/16	CAGR 2011- 2016
Overall construction industry	177.5	203.9	210.7	224.3	237.5	7.6%
Private sector	92.6	111.2	110.9	124.4	131.4	9.1%
Building works	40.5	48.6	47.3	49.4	58.7	9.7%
Repair and maintenance, alteration and additional works	33.6	40.4	41.1	50.1	46.4	8.4%
Electrical & mechanical works	18.5	22.2	22.5	24.9	26.3	9.2%

Source: Construction Industry Council

FITTING-OUT AND RENOVATION WORKS IN HONG KONG

Market Overview

Wide range of services within scope of fitting-out and renovation works

The scope of services under fitting-out and renovation works is very extensive in Hong Kong. Fitting-out works typically refer to works conducted on new buildings and includes site preparation works, partitioning works, steel and metal works, woodworks, marble works, stone works, plastering and painting works, and certain building services, which refers to installation work of building-related systems, such as electrical installation systems, mechanical ventilation and air-conditioning systems, and plumbing and drainage installation systems.

Renovation works typically refer to works carried out on existing buildings that involve general upkeep, restoration, upgrade or improvement of the general condition of facilities. It also includes demolition and alteration works and all works that are carried out in typical fitting-out works.

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Multi-layer subcontracting

Multi-layer subcontracting is common in the construction industry in Hong Kong. Work is subcontracted by the main contractors of a construction project to contractors specialised in certain areas of the construction process. It is common for the main contractors to use sub-contractors to carry out some or all of the actual site work. For example, different sub-contractors with varying specialisations may be engaged for earthworks, piling, foundation works, structural works, electrical and mechanical engineering works and fitting-out works, etc., respectively. A contractor engaged for the fitting-out works may then subcontract further by engaging an electrician for electrical installation works, a plumber for water supply works, and a plasterer for plastering and painting works, etc. Site works are, in general, labour-intensive; hence, subcontracting allows companies to undertake projects which require specific skills or licences without having to permanently maintain an in-house team of workers. This ensures a cost-effective deployment of resources and allows construction companies to operate with greater flexibility. As such, contractors engaged in the provision of fitting-out and renovation works services usually adopt the subcontracting business model. They have in-house staff with project management expertise to liaise with customers and material suppliers, engage sub-contractors with specialised skills and coordinate various components of a construction project to ensure the full scope of work for the fitting-out project is completed by the project deadline.

Fitting-out and renovation works tied closely to overall construction industry performance and economic sentiments

Generally, fitting-out works are driven by the building of new commercial and residential developments. On the other hand, renovation works are less dependent on the construction of new buildings and infrastructure because these are performed on existing commercial and residential premises. Instead, the renovation works are influenced by economic and business sentiments. When the economy is growing well, businesses and residents are more likely to engage renovation works. On the other hand, if there is a lack of confidence in the economy, both commercial and residential demands for renovation works are likely to weaken.

Fitting-out and renovation works in Hong Kong

The total industry revenue receipts grew at a CAGR of 8.2% in the Review Period to reach HK\$34.2 billion in 2016. The growth was driven by renovation works, which were estimated to represent a bigger slice of the market. While the demand for fitting-out works was limited by the number of new developments, renovation works saw greater opportunities for the existing units as property owners and home owners engaged renovation works to upgrade and refresh the look of their buildings and units.

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Table 2 Fitting-out and Renovation Works in Hong Kong, Historical (2012-2016)

Industry Revenue Receipts	2012	2013	2014	2015	2016	CAGR 2012- 2016
Fitting-out and renovation works (HK\$ million)	24,963.8	20,301.3	25,304.9	31,324.9	34,210.6	8.2%

Sources: Euromonitor estimates from desk research and trade interviews with leading fitting-out and renovation service providers, leading building contractors and the relevant trade associations in Hong Kong

TRENDS AND DRIVERS

Demand for residential properties stays strong

The residential property market has been buoyant in Hong Kong. As the economy continues to progress, the increasing disposable income of an average consumer also fuels the demand for higher quality fitting-out and renovation works. Apart from the local Hong Kong consumers, demand also stems strong from the wealthy Mainland Chinese investors who take keen interest in luxurious residential properties in Hong Kong. According to Christie’s International Real Estate, Hong Kong has surpassed London’s as the world’s No. 1 market for luxury homes in 2016.

Increasingly number of consumers are placing emphasis on the interior design, furnishing and set-up of their residential properties as an important aspect of their self-expression, embodying their design preferences, cultural background and heritage in a single space. This in turn has helped to support the value growth of fitting-out and renovation works in Hong Kong.

Government to increasing land supply to ease housing woes

In December 2014, the Government pledged to increase the housing supply by building 460,000 homes by 2025. Public housing will represent 60% of the new supply target at 280,000 homes and private housing represents the remaining 40% at 180,000 homes. Over the long term, the Government is proceeding at full steam on the development of New Development Areas (“NDAs”) and new town extension, including carrying out public engagement activities, formulating development plans and commencing engineering design and site investigation. It is estimated that the Kwun Tung North and Fanling North NDAs, Tung Chung New Town Extension, the Hung Shui Kiu NDA and Yuen Long South Development can provide over 197,000 residential flats for occupation from as early as 2023. The fitting-out industry is expected to get a major boost from the construction of upcoming planned domestic developments.

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Commercial segment increases emphasis on high quality fitting-out and renovation works

Apart from residential segment, this increasing sophistication among consumers has led some to pursue a more premium, high quality lifestyle and ambience in the commercial segment as well. Retailing has been vibrant in Hong Kong where the city remains a popular shopping destination in the region. According to the Rating and Valuation Department of Hong Kong, there has been increasing number of completion of private commercial buildings from 2013 to 2016. However, the uptake slowed down in 2015. In view of the economic slowdown, retailers were seen to take up or combine smaller outlets for cost effectiveness instead of expanding their number of outlets. Nonetheless, retailers are placing emphasis on store quality and brand image. A combination of pleasant shopping environment and customer service can deliver a more premium shopping experience. Retailers such as luxury goods and fashion brands put strong emphasis on the quality of fitting-out and interior design of their stores in order to create premium customer service for their customers, which in turn drives the demand of high-quality fitting-out and renovation works services.

TREND OF MAJOR COSTS OF FITTING-OUT AND RENOVATION SERVICES

Rising labour costs

Labour costs rose steadily during the Review Period due to tight construction manpower supply. Between 2012 and 2016, median monthly wages for the construction industry rose by a CAGR of 7.1%. It was one of the highest pay increments across all industries in Hong Kong. The average daily wages of construction workers saw an increase of 3.3% to 9.9% across the job scopes.

A shortage of skilled labour and strong demand for work are the driving factors behind rising labour costs. The industry faces a constant severe labour shortage due to an ageing workforce and the younger generation's unwillingness to join the construction industry. Trade sources revealed more than 40% of construction workers are more than 50 years old and less than 15% are under 30.

Although the Government has implemented the Enhanced Construction Manpower Training Scheme to attract manpower by providing a training allowance, such efforts are unlikely to suffice. Hence, the Government rolled out further measures to enhance the Supplementary Labour Scheme in April 2014, which involves plans to relax the rules on importing foreign labour to keep rising manpower costs in check. However, this policy has been met with strong opposition from trade unions and construction labour activists who wish to safeguard the interests of local workers. As a result, the problems of the labour shortage and rising labour costs are unlikely to abate in the near future.

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Table 3 Labour Costs, Historical (2012-2016)

HK\$/day	2012	2013	2014	2015	2016	CAGR 2012- 2016
Average daily wages of construction workers (engaged in public works)						
• Painter and decorators	846	858	982	1,122	1,169	8.4%
• Levellers	991	1,136	1,376	1,342	1,364	8.3%
• Marble workers	1,042	963	1,153	1,200	1,278	5.3%
• Electrical fitters (including electricians)	781	860	928	1,033	1,132	9.7%
• Mechanical fitters	705	772	817	798	841	4.5%
• Refrigeration/air-conditioning/ ventilation mechanics	686	677	753	821	957	8.7%
• Fire services mechanics	757	853	989	1,042	1,104	9.9%
• Building services maintenance mechanics	718	744	710	742	818	3.3%

Source: Census and Statistics Department of Hong Kong

Cost of raw materials remains relatively stable

The overall cost of raw materials was relatively stable during the Review Period and is expected to remain so over the forecast period. In the fitting-out and renovation works industry, a wide range of materials are used, including glass, tiles, hardwood and paint. Apart from glazed and unglazed mosaic tiles which saw a relatively higher increase in price, the rest of the building materials saw minimal increase during the Review Period. Trade sources also agreed that raw material costs in general did not register significant increases.

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Table 4 Materials Pricing, Historical (2012-2016)

In HK\$	2012	2013	2014	2015	2016	CAGR 2012- 2016
Average wholesale prices of						
Selected Building						
Glass (HK\$/sqm)	151	151	157	157	157	1.0%
Glazed ceramic wall tiles						
(white) (HK\$/100 pcs)	232	243	233	233	243	1.2%
Glazed ceramic wall tiles						
(coloured) (HK\$/100 pcs)	391	398	401	443	440	3.0%
Hardwood (HK\$/m ³)	5,654	5,519	5,707	5,707	5,707	0.2%
Mosaic tiles (unglazed)						
(HK\$/per sqm)	104	109	119	119	119	3.4%
Mosaic tiles (glass)						
(HK\$/per sqm)	50	50	50	50	50	0.0%
Mosaic tiles (glazed)						
(HK\$/per sqm)	122	129	132	134	143	4.1%
Paint (Emulsion) (HK\$/litre)	51	52	52	53	53	1.0%
Paint (Acrylic) (HK\$/litre)	48	49	49	51	50	1.0%

Source: Census and Statistics Department of Hong Kong

FUTURE OPPORTUNITIES AND CHALLENGES

Demand for renovation works continues to outpace fitting-out works

Total industry revenue receipts for fitting-out and renovation works are likely to witness a CAGR growth of 8.1% in the forecast period. While the owners seek to restore and improve living conditions for their residents as well as to uphold the market value, new and existing shop tenants are likely to invest on renovations to maximise space or improve brand image as part of their marketing efforts. The number of aged buildings and units will continue to increase, supporting the demand for renovation works across commercial and residential segments.

Trade sources remained conservative as investor sentiments were moderated by concerns over uncertainties associated with the US interest rate and global economic outlook. The renovation cycles which refer to the time elapsed between renovations for residential and commercial properties are expected to lengthen during the first half of the forecast period in view of weak economic conditions. The economic slowdown will have a negative impact on wage growth and consumer sentiment. Homeowners are likely to reduce expenditure or postpone renovation projects. Similarly, commercial properties will be affected by poor business sentiment. Retailers are less likely to engage renovation works when sales are slow. The renovation of office buildings may also be postponed when building occupancy rates fall and rental rates stagnate. Although businesses are likely to reduce expenditure or postpone fitting-out and renovation works in the short term before picking up momentum, the impact on the industry will be cushioned by the Government's implementation of policies and schemes to build and renew buildings for private and public use.

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Residential property market remains resilient

While the overall market sentiments may be cautionary, Hong Kong's government has been continuously supplying land to increase the supply of homes to cater to the growing demand. It has provided land for 18,260 units from April to September 2017. Trade sources also noted that high-end properties remain less vulnerable to the economic uncertainties. Supply of high-end apartments is limited against the large pool of affluent investors and buyers. The large appetite for such properties is likely to grow as the consumer disposable income improves. Moreover, given that Hong Kong's proximity and economic stability, the country continues to be perceived as a very attractive place for Chinese buyers to deploy their capital for investment or own residing purposes.

Multiple challenges and opportunities ahead in the medium term

In the medium term, there are also expected to be a number of challenges and opportunities for the fitting-out and renovation works industry. The shortage of skilled labour will remain a key challenge for industry players in light of the sustained and keen demand for construction activities and the ageing workforce. Companies will likely incur higher labour costs as construction workers demand higher wages. A shortage of workers may also limit contractors' ability to take on more projects.

On the other hand, the main opportunities for the fitting-out and renovation works industries will stem from the planned increase in public housing projects, renovation opportunities for buildings older than 30 years and the upside potential of economic growth resulting in more renovation demand from the growth of businesses leasing commercial property. Improving living standards among consumers have also elevated the standard of workmanship and demand for higher quality fitting-out and renovations in both residential and commercial segments.

The following table sets forth the revenue receipts of the fitting-out and renovation works industry in Hong Kong during the forecast period of 2017 to 2021:

Table 5 Fitting-out and Renovation Works in Hong Kong, Forecast (2017-2021)

Industry Revenue Receipts	2017F	2018F	2019F	2020F	2021F	CAGR 2017- 2021
Fitting-out and renovation works (HK\$ million)	36,472.1	39,118.8	42,240.9	45,865.2	49,888.4	8.1%

Sources: Euromonitor estimates from desk research and trade interviews with leading fitting-out and renovation service providers, leading building contractors and the relevant trade associations in Hong Kong

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE

Fragmented industry characterised by many contractors specialising in different areas

The fitting-out and renovation works industry is perceived to be highly fragmented with a large pool of service providers with their own specialisation in terms of their work types or industries. While some players may be specialised in fitting-out works only or renovation works only, there are others that handle projects specific to certain industries such as hospitality, commercial, offices or residential due to their clientele network or industry expertise. There are also players that take pride in handling primarily high end projects such as residential developments and shopping malls. In addition, other service providers include main contractors or interior designers who may also take on the role of project management and subcontract the site work to contractors which specialised in certain areas of the fitting-out and renovation process.

As the industry covers a wide range of work types and involves a spectrum of projects of varying scale, it is up to the preference of the customers to appoint one contractor to handle a specific work each or a project management consultants to work with multiple contractors depending the complexity of the needs.

Based on industry sources, the fitting-out and renovation industry is made up of at least 19,000 service providers. Considering the fragmented nature of the industry, there is no official data on the revenue segments of the various players operating in the industry. It is estimated that the fitting-out and renovation industry is dominated by small-to-mid-sized service providers that each has annual turnover of less than HK\$50 million. Based on industry sources, this group represented approximately 75% to 90% of the number of fitting-out and renovation industry players. The mid-to-large-sized service providers with annual turnover between HK\$50 million and HK\$200 million represented approximately 10% to 25% of the number of industry players while the larger-sized service providers with annual turnover more than HK\$200 million represented less than 1% of the number of industry players. It is common to have service providers that offer integrated services of fitting-out and renovation works as well as design services. For the larger-sized service providers that usually have a bigger pool of resources of staff and finances, they are well positioned to compete for large-scale projects such as hotels, residential and commercial building developments.

Based on revenue data provided by our Company and Euromonitor's market estimates, our Group had approximately 0.6% market share in fitting-out and renovation industry in Hong Kong in 2016. Due to the lack of sufficient publicly accessible information in this fragmented market, the ranking and respective market share of key market players in the fitting-out and renovation works industry were not available in the Euromonitor Report.

Tendering is a common practice

For private sector projects, contracts can be awarded through a tender process or invitation to quote. Contractors may also be selected by the clients through referrals. Those fitting-out or renovation contractors that are on the tenderers lists of major property developers are usually more recognised in the industry as normally they are on the tenderers lists of multiple property developers.

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Competition among service providers is keen with price as an important consideration factor. For high-end developments such as hotels, residential projects or office buildings, the quality of the workmanship and finishing are key factors to be considered by the clients. Service providers also need to compete on other aspects including service quality, industry expertise, client relationship and company track record to retain existing customers and attract new customers in order to expand their business.

ENTRY BARRIERS

Good rapport with clients

As the nature of the industry is service-oriented, relationship building is crucial to clinching every business deal. A good working relationship with clients will increase the possibility of repeat business and expand new business through word-of-mouth. For higher-value fitting-out and renovation works projects, industry reputation and relationships with property developers and main contractors are potential barriers to entry. For such projects, a proven track record is important because customers want to ensure the quality of work and construction safety. Contractors which have established positive relationships with major property developers are more likely to win contracts from them, as they are more likely to be invited to submit a tender or provide a quotation, while new entrants have to rely on public information to source for projects. In some instances, property developers may also have a list of qualified contractors from which to choose. As a result, new players may find it hard to win high-value contracts initially due to the lack of a proven track record and solid relationships with developers.

Well equipped with industry expertise

Industry expertise is another key industry barrier to new entrants in the fitting-out and renovation works industry. While there are certifications and industry-specific qualifications that one is required to have before engaging in the specific tasks, it is increasingly important for contractors and companies to be seen as consultants to advise and customise solutions that best fulfil the needs of the clients. The number of years of experience increases the credibility of the company as the accumulated wealth of industry experience, knowledge and skills gives assurance to clients of the company's ability to execute larger or more complex projects in a more effective and timely manner.

Capital for business sustainability

A substantial amount of capital investment is required for any business setup to cover the basic expenses, including operation costs, recruitment costs, licensing, office space rental fees as well as marketing efforts. It certainly aids in establishing a credible image to both clients, sub-contractors and material suppliers, as a company with substantial working capital and good cash flow will be perceived to have greater financial stability to weather cyclical industry headwinds and have better means to execute larger-scale projects.

REGULATORY REQUIREMENTS IN HONG KONG

Our Group is engaged in the provision of fitting-out and renovation services. Below sets out a summary of the most significant aspects of the Hong Kong laws and regulations which are relevant to our Group's operations and business.

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

The Construction Workers Registration Ordinance provides for the registration of construction worker and related matters. According to section 3 of the Construction Workers Registration Ordinance, a person shall not personally carry out on a construction site construction work unless the person is a registered construction worker. Further, section 5 of the Construction Workers Registration Ordinance provides that no person shall employ unregistered construction workers to carry out on construction sites construction work.

If (a) there is a contravention of section 3 of the Construction Workers Registration Ordinance and the person who commits the contravention is employed by a principal contractor for the construction site concerned, or a sub-contractor of such a principal contractor; or (b) there is a contravention of section 5, and the person who commits the contravention is a sub-contractor of a principal contractor for the construction site concerned, that principal contractor also commits an offence and is liable on conviction to a fine at level 5 (currently at HK\$50,000).

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

- (a) establish and maintain a daily record in the specified form that contains information of registered construction workers employed by him and, in the case of a controller being the principal contractor, by a sub-contractor of the controller; and
- (b) furnish the Registrar of Construction Workers in such manner as directed by the Registrar of Construction Workers with a copy of record (a) for the period of seven days after any construction work begins on the site; and (b) for each successive period of seven days, within two business days following the last day of the period concerned.

A person who, without reasonable excuse, contravenes section 58 of the Construction Workers Registration Ordinance commits an offence and is liable on conviction to a fine at level 3 (currently at HK\$10,000).

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The Construction Workers Registration Ordinance also contains a “designated workers for designated skills” provision under its section 3A, which provides that only registered skilled or semi-skilled workers of designated trade divisions are permitted to carry out construction works on construction sites relating to those trade divisions independently. Unregistered skilled or semi-skilled workers are only allowed to carry out construction works of designated trade divisions (i) under the instruction and supervision of registered skilled or semi-skilled workers of relevant designated trade division(s); (ii) in proposed emergency works (i.e. construction works which are made/maintained consequential upon the occurrence of emergency incidents); or (iii) in small-scale construction works (e.g. value of works not exceeding HK\$100,000).

Stage one of the “designated workers for designated skills” provision, of which “designated works” will include construction, re-construction, addition alteration and building services works, has come into effect since 1 April 2017. Upon implementation of Stage one of the “designated workers for designated skills” provision pursuant to the Construction Workers Registration Ordinance, registered skilled and semi-skilled workers for designated trade divisions shall be included as registered construction workers of the Register of Construction Workers, and accordingly, sub-contractors of construction sites are required to employ only registered skilled and semi-skilled workers for designated trade divisions to carry out construction works on construction sites relating to those trade divisions independently.

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

In accordance with section 32 of the Construction Industry Council Ordinance, a Construction Industry Levy at the rate of 0.5% is imposed in respect of all construction works/operations carried out in Hong Kong with a total value exceeding HK\$1 million. A contractor executing construction operations is responsible for paying the Construction Industry Levy to the Construction Industry Council (“CIC”). Construction operations include, among other things, building works; construction, alteration, repair, maintenance, extension, demolition or dismantling of buildings or structures, power-lines, telecommunications apparatus or pipelines; supply and installation of fittings or equipment in any building or structures; external or internal cleaning of any buildings or structures, which is carried out in the course of construction or maintenance of such buildings or structures; painting or decorating any external or internal surfaces or parts of any buildings or structures; and operations which form an integral part of, or are preparatory to any of the above operations.

If a contractor fails to give a notice under section 35 or 36 and fails to give, within a period allowed by the CIC, a reasonable excuse for that failure, the CIC may impose a surcharge which shall not exceed twice the amount of the levy payable by the contractor. A person who, without reasonable excuse, fails to give a notice to the CIC within 14 days after any construction operations have commenced as required by this section commits an offence and is liable on conviction to a fine at HK\$2,000. A person who, without reasonable excuse, fails to give, give notice of the payment to the CIC within 14 days after the payment is made commits an offence and is liable on conviction to a fine at HK\$10,000. A person who, without reasonable excuse, fails to give a notice to CIC of completion within 14 days after the completion of the construction operations or the stage of the construction

REGULATORY OVERVIEW

operations commits an offence and is liable on conviction to a fine at HK\$10,000. If the amount of the levy or surcharge is not fully paid within the specified period, the contractor is liable to pay a penalty of 5% of the unpaid amount, and a further penalty of 5% of the unpaid amount if it is overdue for more than three months.

Electricity Ordinance (Chapter 406 of the Laws of Hong Kong)

Under the Electricity Ordinance, all electrical contractors carrying out electrical work on fixed electrical installations must be registered with the Electrical and Mechanical Services Department. The Electricity Ordinance provides for the registration and regulation of the electrical contractor in order to protect the general public in the use of electricity. Any person, not being a registered electrical contractor, who does business as an electrical contractor or contract to carry out electrical work within Hong Kong commits an offence and is liable on to a fine and imprisonment.

A person who wishes to register as an electrical contractor must satisfy the requirements set out in the Electricity (Registration) Regulations. To be qualified as a registered electrical contractor, an applicant must either employ at least one registered electrical worker or (a) if the applicant is an individual, he/she must be a registered electrical worker; or (b) if the applicant is a partnership, at least one of the partners must be a registered electrical worker.

Failure to comply with the registration requirement constitutes an offence and is liable to conviction to a fine of HK\$50,000 on a first conviction and a fine of HK\$100,000 on a subsequent conviction for the same offence and in either case is liable to imprisonment for 6 months.

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.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

- (a) providing and maintaining plant and work systems that are safe and without risks to health;
- (b) making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- (c) providing all necessary information, instruction, training, and supervision for ensuring safety and health;
- (d) providing and maintaining safe access to and egress from the workplaces; and
- (e) providing and maintaining a working environment that is safe and without risks to health.

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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.

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 (Chapter 59 of the laws of Hong Kong), or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to one year.

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

The Waste Disposal Ordinance regulates the production, storage, collection, treatment, reprocessing, recycling and disposal of wastes. At present, livestock waste and chemical waste are subject to specific controls whilst unlawful deposition of waste is prohibited. Import and export of waste into and from Hong Kong is generally controlled through a permit system.

A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, including without limitation 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, construction waste can only be disposed at designated prescribed facilities and a main contractor who undertakes construction work with a value of HK\$1 million or above will be required, within 21 days after being awarded the contract, to establish a billing account in respect of that particular contract with the Director of the Environmental Protection Department to pay any prescribed charges for the construction waste generated from the construction work under that contract.

Under the Waste Disposal (Chemical Waste) (General) Regulations, 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 licensed collector can transport the waste to a licensed 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 license from the Director of the Environmental Protection Department. 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 the first offence, and to a fine of HK\$500,000 and to imprisonment for two years for a second or subsequent offence.

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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 licensing 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.

According to the Water Pollution Control Ordinance, unless being licensed 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 six 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.

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 polluting sources. 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 (Chapter 311O of the Laws of Hong Kong), the Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong) and the Air Pollution Control (Smoke) Regulation (Chapter 311C of the Laws of Hong Kong).

The contractor responsible for a construction site (which is defined to mean a place where construction work is carried out and area in the immediate vicinity of any such place which is used for the storage of materials or plant used or intended to be used for the purpose of the construction work) shall devise, 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.

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

The Noise Control Ordinance controls, among others, the noise from construction, industrial and commercial activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out general construction works. For construction activities that are to be carried out during the restricted hours and for percussive piling between 7:00 a.m. and 7:00 p.m. on any day, not being a general holiday, construction noise permits are required from the Noise Control Authority in advance.

Under the Noise Control Ordinance, noisy construction work and the use of powered mechanical equipment in any place are not allowed between 7:00 p.m. and 7:00 a.m. or at any time on general holidays, unless prior approval has been granted by the Noise Control Authority through the construction noise permit system. Certain equipment is also subject to restrictions 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 Noise Control Authority. Percussive pile-driving is allowed on weekdays only with prior approval, in the form of a construction noise permit from the Noise Control Authority. Any person who is in contravention of the aforesaid provisions, according to the Noise Control Ordinance, shall be liable (a) on first conviction to a fine of HK\$100,000; (b) on 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.

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. Maximum penalty is HK\$10,000 (level 3) upon conviction with a daily fine of HK\$200.

Discharge of muddy water etc. from a construction site is actionable under the Public Health and Municipal Services Ordinance. Maximum fine is HK\$5,000 upon conviction.

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

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

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

REGULATORY OVERVIEW

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)

The Inland Revenue Ordinance is an ordinance enacted for the purposes of imposing taxes on property, earnings and profits in Hong Kong.

The Inland Revenue Ordinance provides, among other things, that profits tax shall be charged on every person carrying on a trade, profession or business in Hong Kong in respect of his or her assessable profits arising in or derived from Hong Kong at the standard rate, which stood as at the Latest Practicable Date at 16.5% for corporate taxpayers. The Inland Revenue Ordinance also contains detailed provisions relating to, among other things, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciations of capital assets.

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 or sub-contractor) who has control over or is in charge of a construction site should take all practicable steps to (i) prevent having illegal immigrants from being on site or (ii) prevent illegal workers who are not lawfully employable from taking employment on site.

“Construction site” is defined under the Immigration Ordinance to mean a place where construction work is undertaken and includes any area in the immediate vicinity which is used for the storage of materials or plant used or intended to be used for the purpose of the construction work.

Where it is proved that (i) an illegal immigrant was on a construction site or (ii) 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.

Buildings Energy Efficiency Ordinance (Chapter 610 of the Laws of Hong Kong)

The Buildings Energy Efficiency Ordinance sets out energy efficiency standard for building services installations such as electrical, lighting and air-conditioning in new buildings and existing buildings undergoing major retrofitting works. Major retrofitting works include, among other things, addition or replacement of a building services installation covering an internal floor area of not less than 500 square metres in a unit or a common area. The responsible person (e.g. owner, tenant or occupier, etc.) of a unit or a common area is required to engage a Registered Energy Assessor to certify that the replaced or additional building services installations of major retrofitting works comply with the latest edition of the Building Energy Code and obtain a Form of Compliance from a Registered Energy Assessor. Pursuant to the Buildings Energy Efficiency Ordinance, all commercial buildings in Hong Kong will be audited by registered energy assessors every 10 years to ensure energy efficiency targets are met.

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

The mandatory provident fund scheme (the “MPF Scheme”) is defined contribution retirement scheme managed by authorised independent trustees. The Mandatory Provident Fund Schemes Ordinance provides that an employer shall participate in an MPF Scheme and make contributions for its employees aged between 18 and 65. Under the MPF Scheme, an employer and its employee are both required to contribute 5% of the employee’s monthly relevant income as mandatory contribution for and in respect of the employee, subject to the minimum and maximum relevant income levels for contribution purposes. The maximum level of relevant income for contribution purposes is currently HK\$30,000 per month or HK\$360,000 per year.

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

All employees under contracts of employment are covered by the Employment Ordinance and as employers of personnel we are obliged to adhere to the Employment Ordinance.

Employees who have been employed continuously by the same employer for a period of four weeks or more with at least 18 hours worked in each week are further entitled to benefit such as compulsory rest days, paid annual leave, maternity leave, sickness allowance, severance and long service payments and MPF contributions.

A principal contractor and a superior sub-contractor are subject to the provisions on sub-contractor’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 sub-contractor on any work which the sub-contractor 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 sub-contractors jointly and severally. Such liability shall be limited (a) 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 works; and (b) to the wages due to such an employee for two months without any deductions under the Employment Ordinance (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 sub-contractor must serve a notice in writing on the principal contractor within 60 days after the wage due date.

A principal contractor and superior sub-contractor (where applicable) shall not be liable to pay any wages to the employee of the sub-contractor 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 sub-contractor to that sub-contractor (where applicable) of whom he is aware. A principal contractor who without reasonable excuse fails to serve notice on the superior sub-contractors shall be guilty of an offence and shall be liable on conviction to a fine at currently at up to HK\$50,000.

REGULATORY OVERVIEW

Pursuant to Section 43F of the Employment Ordinance, if a principal contractor or superior sub-contractor pays to an employee any wages under Section 43C of Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior sub-contractor, as the case may be.

The principal contractor or superior sub-contractor may either (i) claim contribution from every superior sub-contractor to the employee's employer or from the principal contractor and every other such superior sub-contractor as the case may be, or (ii) deduct by way of set-off the amount paid by him from any sum due or may become due to the sub-contractor in respect of the work that he has subcontracted.

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 and lays down 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 dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to Section 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to sub-contractors' employees who are injured in the course of their employment to the sub-contractor. The principal contractor is, nonetheless, entitled to be indemnified by the sub-contractor 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 sub-contractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine of up to HK\$100,000 and imprisonment for two years.

According to Section 48 of the Employees' Compensation Ordinance, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity or temporary incapacity in circumstances which entitle him to compensation under the Employees' Compensation Ordinance) before occurrence of certain events. Any person who commits breach of this provision is liable on conviction to a maximum fine of HK\$100,000.

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

With effect from 1 May 2017, the Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate at HK\$34.5 per hour for every employee employed under the Employment Ordinance (Chapter 57 of the laws of Hong Kong). 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.

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 premises on 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 a premise to take reasonable care of the premise in all circumstances so as to ensure that his 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.

Competition Ordinance (Chapter 619 of the Laws of Hong Kong)

The Competition Ordinance came into force on 14 December 2015 and has impact on all businesses in Hong Kong. Serious anti-competitive conduct such as price fixing, market allocation and bid rigging/collusion will contravene the Competition Ordinance. The following may be unlawful:

- unprofitable pricing to gain market share and put pressure on competitors unable to compete;
- tying (one product can only be bought or used if another product is also bought);
- bundling (two or more products offered together at a discount);
- exclusive dealing arrangements or imposition of tougher pricing and terms for certain customers;
- sharing of pricing, information and agreement of practices/pricing through trade associations; and
- joint ventures/tenders by competitors capable of bidding independently.

The consequences of failing to comply with the Competition Ordinance are serious. Experience in countries which have similar legislation is that the authorities often focus on particular sectors such as construction, and therefore it is anticipated that construction companies are likely to be under scrutiny in this regard. Ensuring anti-competitive conduct does not occur will become a continuous requirement for proper governance of the business, both in terms of tendering for projects and working with sub-contractors and suppliers.

The Contract (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong)

The Contract (Rights of Third Parties) Ordinance came into force on 1 January 2016. The Contract (Rights of Third Parties) Ordinance enables a party who is not a party to a contract to enforce provisions of a contract if either the contract expressly provides that it may do so, or if the relevant term purports to confer a benefit on an identifiable third party.

The Contract (Rights of Third Parties) Ordinance applies to construction contracts and its potential effect is that future purchasers, tenants or funders of projects can directly sue the contractor for any defects in the works undertaken. This increases the risk profile of the projects we undertake. To manage this risk where possible it is proposed to exclude its application in our contracts with clients.

Proposed Security of Payment Legislation for the Construction Industry

The Government has completed a public consultation on a new legislation for the construction industry to address unfair payment terms, payment delays and disputes and intended to proceed with such new legislation. SOPL is intended to ensure fair payment, provide rapid dispute resolution and increase cash flow in the contractual chain.

The SOPL is not yet legislation but when it comes into force, it will apply to all written, oral, partly written and partly oral contracts where construction works or plant and materials are being supplied for works in Hong Kong. All public sector construction contracts will be caught by the legislation, whereas only construction and supply contracts relating to a “new building” (as defined by the Buildings Ordinance) which has an original value in excess of HK\$5 million will be caught in private sector. However, where SOPL applies to the main contract, it will automatically apply to all subcontracts in the contractual chain on the same project.

The SOPL will:

- prohibit “pay when paid” and similar clauses in contracts. “Pay when paid” refers to provisions in contracts that (i) make payment contingent or conditional on the operation of any other contract or agreement and (ii) make payment conditional on the payer receiving payment from a third party. Payers will not be able to rely on such clauses in dispute resolution forums;
- prohibit payment periods of more than 60 calendar days for interim payments or 120 calendar days for final payments;
- enable amounts due for construction work or materials or plant supplies to be claimed as statutory payment claims, upon receipt of which the payer has up to 30 calendar days to serve a payment response, and either party has a statutory right to refer the matter to adjudication for decision (typically a 60-day process); and
- give parties who have not been paid amounts admitted as due the statutory right to suspend works until payment is made.

REGULATORY OVERVIEW

It is possible that some of our contracts will be caught by the SOPL and where such contracts are subject to SOPL, we will have to ensure that their terms comply with the legislation. SOPL is designed to assist contractors throughout the contractual chain to ensure cash-flow and access to a swift dispute resolution process and therefore it is generally considered that where SOPL applies, this will have a positive impact on ensuring that subcontractors get paid in a timely manner. On the other hand, since (i) our subcontracting agreement does not contain “pay when paid” provision and (ii) we generally pay our subcontractors within 60 days upon receipt of their invoices, our Directors consider that our payment pattern does not deviate from the requirements stipulated in the SOPL and our payment practice, cash management and liquidity will not be affected by the SOPL if it becomes effective.

As at the Latest Practicable Date, the implementation date of the SOPL has not been announced.

Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong)

The Trade Description Ordinance prohibits, amongst others, false trade description in respect of goods and services in the course of trade, prohibition on certain unfair trade practices and the introduction of a civil, compliance-based enforcement mechanism.

Section 2 of the Trade Description Ordinance provides that a trade description (including fitness for purpose, performance and manufacturing details) which is false to a material degree; or though not false, is misleading, that is to say, likely to be taken for a trade description of a kind that would be false to a material degree, would be regarded as false trade description.

Section 7 of the Trade Description Ordinance provides that it is an offence for any person, in the course of his trade or business, to apply a false trade description to any goods; or supply or offer to supply any goods to which a false trade description is applied. It is also an offence for any person to have in his possession for sale or for any purpose of trade or manufacture any goods to which a false trade description is applied.

To amount to a false trade description, the falsity of the trade descriptions has to be to a material degree. Trivial errors or discrepancies in trade descriptions would not constitute an offence. What constitutes a material degree will vary with the facts.

Contravention of the prohibitions in the Trade Description Ordinance is an offence, with a maximum penalty of up to HK\$500,000 and five years’ imprisonment. However, the Trade Description Ordinance also provides regulators with the ability to accept (and publish) written undertakings from businesses and individuals not to continue, repeat or engage in unfair trade practices in return of which regulator will not commence or continue investigations or proceedings relating to that matter. Regulators will also be empowered to seek an injunction against businesses and persons engaging in unfair trade practices or who have breached an undertaking.

LICENSING REGIME

Minor works contractor

Registered Minor Works Contractors may 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) and Registered Minor Works Contractors (Company) (“**RMWC(Co)**”). Under the Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong), a subsidiary legislation under the Buildings Ordinance, “minor works” are classified into three classes according to their nature, scale and complexity and the risk and safety they pose. The works are further classified into types and items that correspond to the specialisation of works in the industry. Class I minor works are relatively more complicated and require higher technical experience and more stringent supervision and thus requires the appointment of a prescribed building professional (such as an authorised person and where necessary, may include a registered structural engineer and/or a registered geotechnical engineer) and a prescribed registered contractor. The other two classes of minor works, Class II and Class III, can be carried out by a prescribed registered contractor (which can be a registered general building contractor, a registered specialist contractor registered under the category of demolition works/site formation works/foundation works/ground investigation field works or a registered minor works contractor) without the involvement of a prescribed building professional.

For registration as a Registered Minor Works Contractor, the applicant must satisfy the Buildings Authority that it has the necessary experience and, where appropriate, professional and academic qualifications, to undertake minor works in the designated class and category and should also demonstrate that it has the access to engaging qualified persons to carry out the relevant minor works duties.

An applicant for registration as an RMWC(Co) must satisfy the Buildings Authority 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;
- (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.

REGULATORY OVERVIEW

In considering each application for registration as an RMWC(Co), the Buildings Authority will consider the qualifications, experience and suitability of the key personnel who act as the Authorised Signatory and the Technical Director. For Authorised Signatory, one of the minimum requirements on qualifications and experience includes holding an academic qualification in the field of construction technology such as architecture, building studies, building surveying, civil engineering and structural engineering with three years' relevant experience in building industry (one year of which should be gained locally) and being involved in seven relevant items of minor works in Hong Kong in which one of them must be completed within the three years preceding the date of application for registration. For Technical Director, one of the minimum requirements on experience includes possessing five years' relevant experience in managing a building contractor company in Hong Kong and such experience should be substantiated by a proof of directorship or ownership of such company.

A suitable person appointed by the board of directors is eligible to act as the Authorised Signatory, whereas the Technical Director must be a director appointed under the Companies Ordinance and appointed by the board of directors to perform the role of Technical Director. A person is allowed to take up the role of the Authorised Signatory as well as the role of the Technical Director of a corporation at the same time provided that he meets the requirements of both Authority Signatory and Technical Director.

An RMWC(Co) may apply to the Building Authority for renewal of registration within a period not earlier than 4 months and not later than 28 days prior to the expiry of the registration. Application for renewal of registration received by the Building Authority beyond the specified period shall not be accepted.

HISTORY, REORGANISATION AND GROUP STRUCTURE

OUR BUSINESS DEVELOPMENT

Introduction

Our Group's history can be traced back to 2008 when Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu established our principal operating subsidiary, DCB, in Hong Kong which was owned as to 55.0%, 35.0% and 10.0% by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, respectively. Prior to the establishment of DCB, Mr. Dennis Cheng had accumulated extensive industry knowledge and market understanding through his over 26 years of fitting-out and renovation experience. In view of the relevant experience of Mr. Dennis Cheng, Mr. Dick Cheng, the brother of Mr. Dennis Cheng and brother-in-law of Ms. Liu, provided the initial funding of DCB out of his personal wealth for Mr. Dennis Cheng to further pursue his career.

Since our Group's establishment, we have committed to deliver quality fitting-out and renovation services to our customers. We undertook smaller projects from private and non-developer customers during our early years. We have gradually shifted our focus to take on larger projects such as the provision of fitting-out and renovation works on a particular area (for instance the kitchen and bathroom) for a whole building and public area (for instance the clubhouse and lobby) of a building as we believe large-scale projects to be more profitable and will provide a better source and sustainability of projects.

Leveraging on our competent and dedicated management team, we believe that we have been providing quality services in a timely manner. For further details of the background and relevant experience of our Directors and senior management team, please refer to the section headed "Directors and Senior Management" in this prospectus.

Business milestones

The following table sets forth the major milestones of our Group's development:

Month	Year	Event
August	2008	Establishment of DCB
August	2008	Awarded the first fitting-out project for a retail shop
October	2008	Awarded the first renovation project for a residential property
September	2009	Awarded the first fitting-out show flat and sales office project from Customer E with a contract sum exceeding HK\$10 million
March	2014	Awarded a fitting-out project for a non-property developer with a contract sum exceeding HK\$50 million
June	2015	Awarded the first fitting-out project where we acted as a nominated sub-contractor
February	2016	Awarded a fitting-out project from Customer F with contract sum of approximately HK\$105 million

HISTORY, REORGANISATION AND GROUP STRUCTURE

OUR CORPORATE HISTORY

As at the Latest Practicable Date, our Group comprised our Company, Multi Rewards and DCB. The following is a brief corporate history of the establishment and major changes in the shareholdings of our Company and our subsidiaries during the Track Record Period.

Our Company

Our Company, being the ultimate holding company of our Group, was incorporated in the Cayman Islands under the Cayman Law as an exempted company with limited liability on 8 March 2017. At the time of our incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each and one nil-paid Share was allotted and issued to the initial subscriber which was subsequently transferred to Advance Goal on the same day at par. As a result, our Company became a wholly-owned subsidiary of Advance Goal.

On 19 January 2018, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares, ranking *pari passu* in all respects with the then existing Shares.

For details of changes in the share capital of our Group, please refer to the section headed “Statutory and General Information — 2. Changes in authorised and issued share capital of our Company” in Appendix IV to this prospectus.

Multi Rewards Limited

On 3 January 2017, Multi Rewards was incorporated in the BVI with limited liability to serve as an intermediate offshore holding company for holding interests in DCB as part of the Reorganisation. Multi Rewards was authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each, of which one share of US\$1.00 was allotted and issued to our Company for cash at par on 16 March 2017. As a result, Multi Rewards became a wholly-owned subsidiary of our Company.

DCB Company Limited

DCB, being the principal operating subsidiary of our Group, engages in fitting-out and renovation services in Hong Kong, was incorporated in Hong Kong with limited liability on 16 June 2008 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 5,500, 3,500 and 1,000 shares were allotted and issued respectively to Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, for cash at par value.

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 20 February 2017, DCB, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu entered into the Pre-IPO Investment Agreement with the Pre-IPO Investor, pursuant to which 870 shares of DCB were allotted and issued to the Pre-IPO Investor for a total cash consideration of HK\$10,000,000. Please refer to the paragraph headed “Pre-IPO Investment” below for further details. Upon completion of the aforesaid allotment, DCB was owned as to 50.6%, 32.2%, 9.2% and 8.0% by Mr. Dick Cheng, Mr. Dennis Cheng, Ms. Liu and Madam Cheng, respectively.

As at the Latest Practicable Date, DCB has a paid up share capital of HK\$10,010,000.

On 8 June 2017, pursuant to the Reorganisation, the entire issued share capital of DCB was transferred from Mr. Dick Cheng, Mr. Dennis Cheng, Ms. Liu and Madam Cheng to our nominee, Multi Rewards. As a result, DCB became our indirectly wholly-owned subsidiary held through Multi Rewards. Our Directors confirm that above transfer was properly and legally completed and settled. Details of the Reorganisation are set out below in this section.

PRE-IPO INVESTMENT

Overview

On 20 February 2017, DCB, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu entered into the Pre-IPO Investment Agreement with the Pre-IPO Investor, being the sister of Mr. Dick Cheng and Mr. Dennis Cheng, and sister-in-law to Ms. Liu, as subscriber, DCB as the issuer and Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu as guarantors to DCB, pursuant to which the Pre-IPO Investor agreed to subscribe and DCB agreed to allot and issue 870 ordinary shares in the share capital of DCB, representing 8% of the enlarged issued share capital of DCB, for a total cash consideration of HK\$10,000,000, which was legally and properly settled on the same day.

Details of Pre-IPO Investment

Date of the Pre-IPO Investment Agreement	20 February 2017
Name of Pre-IPO Investor	Madam Cheng
Aggregate consideration paid under the Pre-IPO Investment	HK\$10,000,000
Basis of consideration	The consideration was determined at arm’s length negotiations with reference to the price-to-earnings multiple of approximately 7.0 times and the then average expected profit before tax for the two years ending 31 March 2017. The consideration represented a price-to-earnings multiple of approximately 8.0 times of the average profit before tax for the two financial years ended 31 March 2017

HISTORY, REORGANISATION AND GROUP STRUCTURE

Date of completion (and settlement of full payment) of the Pre-IPO Investment	20 February 2017
Percentage of shareholdings in DCB after Pre-IPO Investment	8.0%
Percentage of interests in our Company upon Listing (without taking into account any Shares that may be allotted and issued upon exercise of the options to be granted under the Share Option Scheme) (<i>Note</i>)	6.0%
Approximate cost of investment per Share upon Listing	HK\$0.52
Approximate percentage of discount to the mid-point Offer Price of HK\$0.75 per Share	30.7%

Note: Such Shares will not be considered as part of the public float.

Background of the Pre-IPO Investor

The Pre-IPO Investor is the sister of Mr. Dick Cheng and Mr. Dennis Cheng and the sister-in-law of Ms. Liu. When Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu resolved to proceed with the Listing, they knew that the costs would be substantial and as such determined to seek an investor at the pre-Listing stage. As Madam Cheng is a family member, she was invited to participate in the Pre-IPO Investment.

Benefits of the introduction of the Pre-IPO Investor

In view of the expenses to be incurred during the preparation of the Listing, we are of the view that the investment made by the Pre-IPO Investor would serve the purpose of immediate fund raising

Basis of consideration

The terms of the Pre-IPO Investment Agreement were arrived at after arm's length negotiations among DCB, the Pre-IPO Investor, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu and the consideration paid by the Pre-IPO Investor thereunder was determined with reference to the price-to-earnings multiple of approximately 7.0 times and the then average expected profit before tax for the two years ending 31 March 2017. The consideration represented a price-to-earnings multiple of approximately 8.0 times of the average profit before tax for the two financial years ended 31 March 2017. As at the Latest Practicable Date, the proceeds from the Pre-IPO Investment have been fully utilised to settle professional fees incurred for the Listing.

Rights of the Pre-IPO Investor

Put Option under the Pre-IPO Investment Agreement

Under the Pre-IPO Investment Agreement, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu granted the Pre-IPO Investor the right (the “**Put Option**”) to require Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu to purchase the shares in DCB (the “**Option Share(s)**”) from the Pre-IPO Investor at the option price of in aggregate HK\$10,000,000 plus interest accrued from the date of the Pre-IPO Investment Agreement at the rate of 4% per annum.

The Option may be exercised in whole but not in part by the Pre-IPO Investor at any time after 30 January 2019 for the sole reason that the Listing does not materialise for whatever reason.

Lock-up undertaking by the Pre-IPO Investor

The Pre-IPO Investor has undertaken to our Company not to directly or indirectly, for a period of six months from the Listing Date, dispose of, enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of our Shares of which it is shown in this prospectus to be the beneficial owner upon Listing.

Sole Sponsor’s confirmation

On the above basis, the Sole Sponsor has confirmed that the Pre-IPO Investment is in compliance with Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017 and Guidance Letter HKEx-GL44-12 (issued in October 2012 and updated in March 2017) by the Stock Exchange and it is of the view that the Pre-IPO Investment is in compliance with the “Interim Guidance on Pre-IPO Investments” issued on 13 October 2010 by the Listing Committee since the consideration under the Pre-IPO Investment was settled on 20 February 2017, which was more than 28 clear days before the date of the first submission of the listing application form to the Stock Exchange in relation to the Listing.

Reorganisation

In preparation for the Listing, our Group has undergone the Reorganisation and the steps are as follows:

- (i) On 3 January 2017, Multi Rewards was incorporated in the BVI and authorised to issue a maximum of 50,000 shares of US\$1.00 par value of a single class;
- (ii) On 20 February 2017, the Pre-IPO Investor subscribed for and DCB allotted and issued 870 shares for an aggregate consideration of HK\$10,000,000;

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (iii) On 8 March 2017, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On the date of its incorporation, one nil-paid Share was allotted and issued to the initial subscriber, an Independent Third Party, which was subsequently transferred to Advance Goal on the same date;
- (iv) On 16 March 2017, one share in Multi Rewards was allotted and issued to our Company for cash at par;
- (v) On 8 June 2017, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu transferred their respective shareholding interests in DCB to our Company's nominee, Multi Rewards, in consideration of our Company (i) allotting and issuing 91 Shares to Advance Goal (at the direction of Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu) credited as fully paid and (ii) crediting as fully paid the initial Share held by Advance Goal. The basis of consideration of the above transfer is determined with reference to the respective shareholding interests held by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu in DCB; and
- (vi) On 8 June 2017, Madam Cheng transferred her shareholding interest in DCB to our Company's nominee, Multi Rewards, in consideration of our Company allotting and issuing 8 Shares to Active Achievor (at the direction of Madam Cheng) credited as fully paid. The basis of consideration of the above transfer is determined with reference to shareholding interests held by Madam Cheng in DCB.

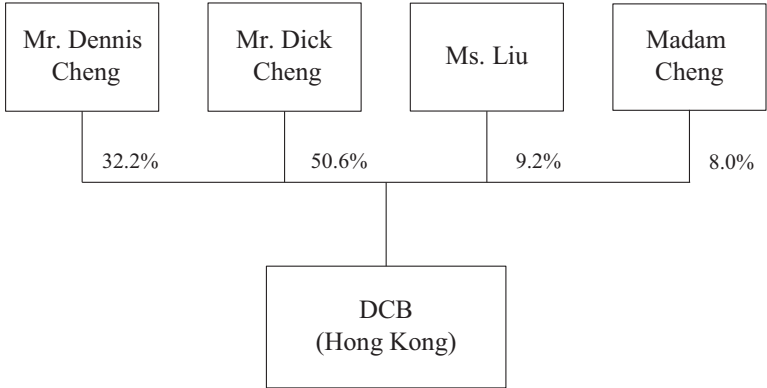
All of the abovementioned transfers have been properly and legally settled and completed.

CORPORATE STRUCTURE OF OUR GROUP

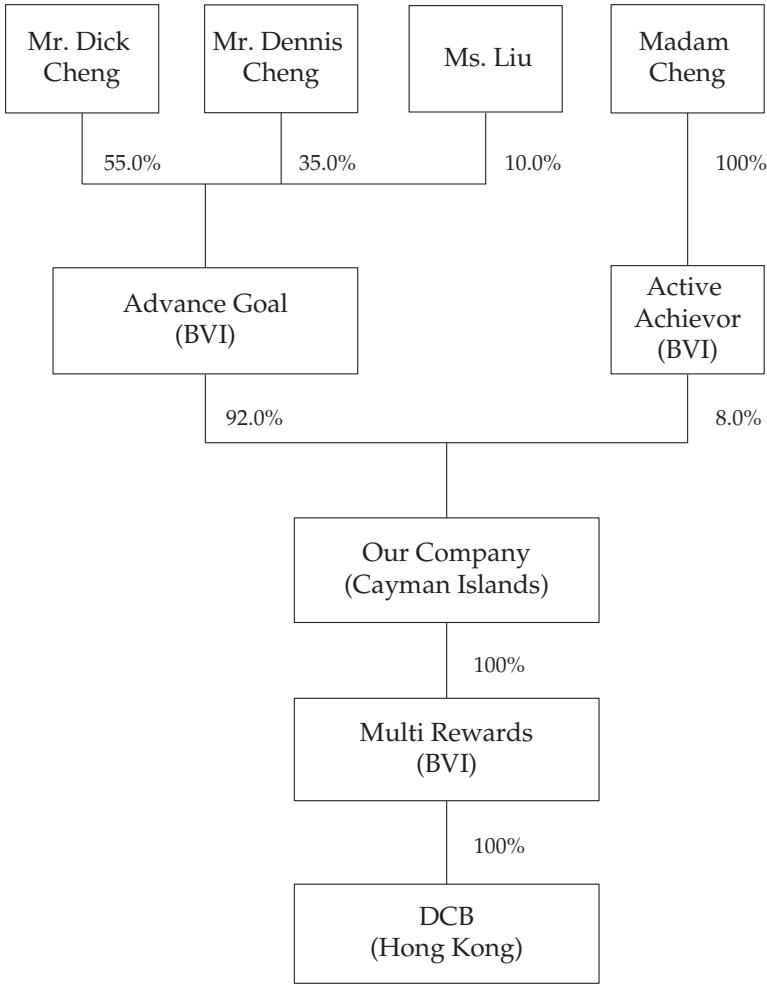
The following charts illustrate our corporate structure (1) immediately before the Reorganisation but after the Pre-IPO Investment; (2) immediately after the Reorganisation and the Pre-IPO Investment (but before the Share Offer and the Capitalisation Issue and without taking into account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme); and (3) immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme):

HISTORY, REORGANISATION AND GROUP STRUCTURE

Immediately before the Reorganisation but after the Pre-IPO Investment

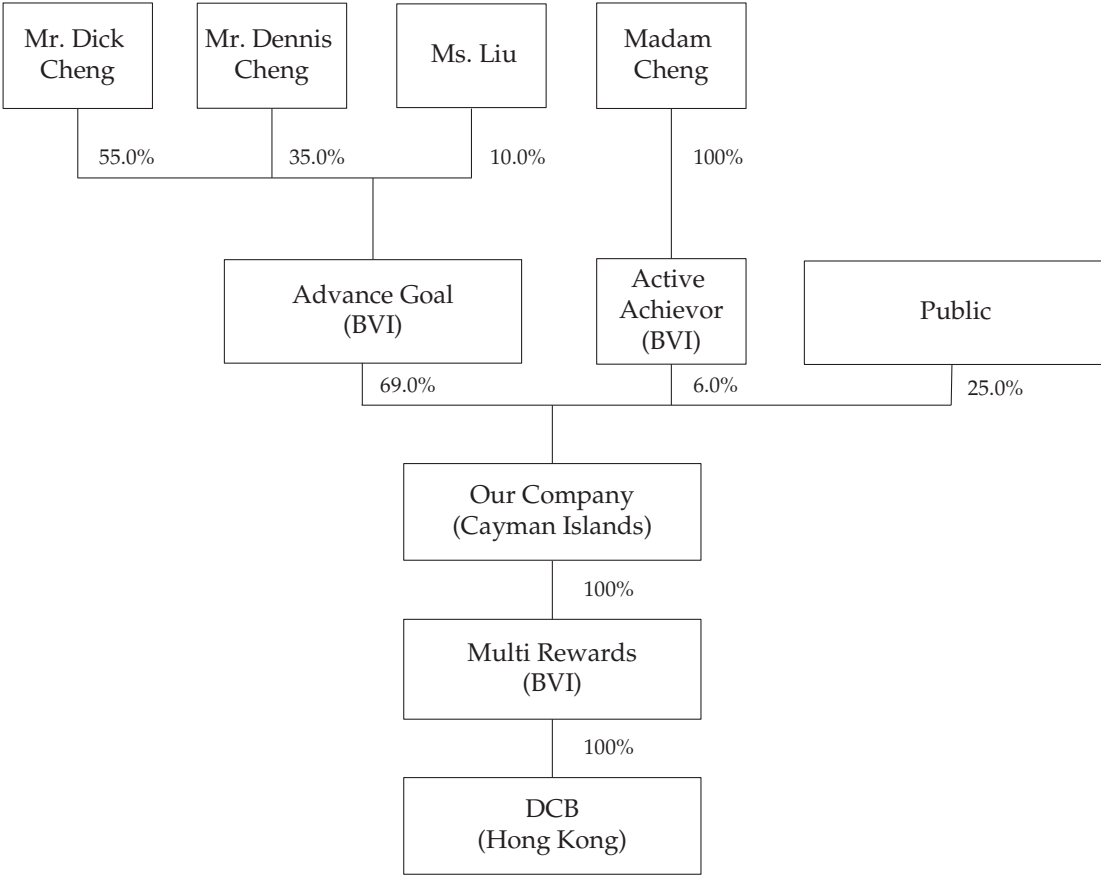


Immediately after the Reorganisation and the Pre-IPO Investment (but before the Share Offer and the Capitalisation Issue and without taking into account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme)



HISTORY, REORGANISATION AND GROUP STRUCTURE

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme)



OVERVIEW

Our Group is based in Hong Kong and we are engaged in the provision of fitting-out and renovation services in the private sector. During the Track Record Period, our customers comprised (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties. Our fitting-out and renovation services mainly include provision of interior fitting-out and renovation services for different types of premises in the private sector, including residential apartments and residential dwellings, show flats, clubhouses, sale office, public area in residential and commercial buildings, office, shopping malls and shops in Hong Kong.

For all of our projects that we are engaged in, we acted as the project manager and principal coordinator for the works we were responsible for which included, among other things, the overall implementation of the projects which encompasses planning, coordinating, monitoring and supervising the project from commencement of our services to the delivery of the certificate of completion and follow-up rectification of defects during the defect liability period. We may be engaged in the position of a main contractor, sub-contractor or nominated sub-contractor in our projects. Our Group acts as a sub-contractor when selected and engaged by the main contractor and as a nominated sub-contractor when selected and engaged by the main contractor through the nomination of the employer who engaged that main contractor to carry out the works. We believe that our project management staff's in-depth understanding of the fitting-out and renovation industry together with their established relationships with the sub-contractors and material suppliers position us to oversee and coordinate all fitting-out and renovation works to the satisfaction of our customers. We engage sub-contractors to perform all on-site labour intensive or skilled works. For details on our sub-contractors, please see the section headed "Business — Suppliers — Sub-contractors" in this prospectus.

We believe that one of the principal factors that has enabled us to operate in and continue to grow in the fitting-out and renovation industry is our ability to provide timely, efficient and effective solutions that meet the needs of our customers. Our Group is led by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, all of whom are our executive Directors and all of whom have played an instrumental role in the development and success of our Group since 2008. Mr. Dick Cheng is mainly responsible for the overall corporate strategies of our Group. Mr. Dennis Cheng has accumulated extensive industry knowledge and market understanding through over 26 years of fitting-out and renovation experience and is responsible for the day-to-day management, business development and overseeing the operations of our Group. Ms. Liu is responsible for overseeing the human resources and administrative matters of our Group. For further details of our executive Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

BUSINESS

Our fitting-out works typically refers to works conducted on new buildings, whereas our renovation works typically refers to works carried out on existing buildings that involve upgrades and/or makeovers and/or demolition of existing works and all works that are carried out in typical fitting-out works. The provision of our renovation works include additional small-scale works, such as interior alteration, repair and maintenance works that involve no structural change, provided to our customers in relation to the fitting-out or renovation projects undertaken by us previously. The following table sets out a breakdown of our Group's revenue by operating segment during the Track Record Period:

	For the financial year ended 31 March						For the four months ended 31 July			
	2016		2017		2017		2017			
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	
Fitting-out works	15	71,731	40.3	17	148,883	65.9	16	56,061	77.4	
Renovation works	50	106,474	59.7	51	76,987	34.1	33	16,330	22.6	
Total	65	178,205	100.0	68	225,870	100.0	49	72,391	100.0	

The following table sets out a breakdown of our Group's revenue generated from projects classified by residential and non-residential nature during the Track Record Period:

	For the financial year ended 31 March						For the four months ended 31 July			
	2016		2017		2017		2017			
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>Number of projects</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	
Residential (<i>Note</i>)	42	157,242	88.2	42	205,519	91.0	35	68,002	93.9	
Non-residential	23	20,963	11.8	26	20,351	9.0	14	4,389	6.1	
Total	65	178,205	100.0	68	225,870	100.0	49	72,391	100.0	

Note: Residential projects included projects for show flats located in residential and non-residential properties.

BUSINESS

For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, our revenue amounted to approximately HK\$178.2 million, HK\$225.9 million and HK\$72.4 million, respectively. We believe that such growth is primarily attributable to our established reputation and proven track record, efficient project implementation and management, quality control system and experienced and dedicated management team. We do not focus on a single operating segment and we select our projects on a prudent basis, with an aim to achieve our targeted profitability. For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, the total initial contract amount awarded to us through tendering as a percentage of total initial awarded contract amount through tendering and quotation was approximately 78.1%, 87.5% and 74.6%, respectively. In pricing a tender, we make references to, among other things, previous tender records and awarded tender price of previous similar projects, the payment terms, the scale, complexity and specification of the project, our capacity, project duration, the estimated project cost (which mainly includes the direct staff cost, subcontracting costs and material costs) and the current market conditions.

Having established a good working relationship with property developers in Hong Kong, we intend to capture a larger share of the fitting-out and renovation market by targeting and creating opportunities with other property developers in Hong Kong, many of whom have substantial land banks and projects to be developed in the future.

COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths have contributed to our Group's success and differentiated us from our competitors in the fitting-out and renovation industry in Hong Kong:

We have built a stable relationship with our major customers that include property developers

Since our establishment in 2008, our Group has developed our relationships with customers who have appreciated our ability to produce quality results in a timely manner. During the Track Record Period, our portfolio of customers include property developers that are private or listed (or their holding companies are) on the Stock Exchange, main contractors or direct contractors of the projects and owners or tenants of properties including high net wealth individual. Two of our property developer customers have worked with us for over six years. Our Directors believe that our customer base has provided us with the underlying structure from which we have been able to develop and expand our business. Further, our ability to maintain a stable relationship with active property developers in Hong Kong will provide a stable source of revenue to our Group. In the past three years, all of our property developer customers have on more than one occasion requested us to participate in and/or submit tenders for their projects requiring fitting-out or renovation works. We believe it demonstrates the trust and understanding that our customers have regarding our ability to meet their requirements. Further information on our customers is set out in the section headed "Business — Customers" in this prospectus.

We partner with experienced and capable sub-contractors and reliable material suppliers

Our profitability in the fitting-out and renovation industry is to a certain extent dependent on the sub-contractors that we engage to effectively and efficiently complete our projects in a timely fashion and to the satisfaction of our customers. Much of the fitting-out and renovation work requires skilled craftsmen such as electricians, carpenters, plumbers and metal workers who have accumulated many years of necessary experience. To this extent, we have, over the years, managed to establish good and long-term relationships with these sub-contractors, some of whom have worked with us for over five years and in turn provide us with a pool of skilled craftsmen. During the Track Record Period, we had over 200 selected sub-contractors whom we worked with.

In addition to our sub-contractors, we also source certain materials from suppliers who are able to timely provide reliable and high quality materials that can fulfill the requirements of our customers. Materials that we commonly are required to source include glass, tiles, hardware, sanitary ware, wallpaper and marble. During the Track Record Period, we did not experience any material dispute with our material suppliers over quality issue or delay in delivery which would lead to payment by us of any penalty charges to our customer for late completion and delivery.

In addition, we keep up to date on market developments and relay similar information to our customers with which we are able to give our customers upfront assistance to resolve complicated fitting-out and renovation works.

According to the Euromonitor Report, there is a shortage of skilled workers in the construction industry in Hong Kong and we compete with other fitting-out and renovation companies in Hong Kong to engage reliable and experienced sub-contractors. We believe that our established relationship with our sub-contractors allow us to be able to assure our customers that any fitting-out and renovation works undertaken by our Group can be completed to their satisfaction and in accordance with their required timing. For further information on our sub-contractors, please refer to the section headed “Business — Suppliers — Sub-contractors” in this prospectus for further details.

We are able to effectively and efficiently manage our projects within our customers’ time constraints

We believe that we have built up a track record of completing projects on a timely basis and being able to consistently meet our customer’s expectations and requirements. During the Track Record Period and up to the Latest Practicable Date, we have undertaken a total of 41 Major Projects of which 29 Major Projects were completed and the remaining 12 Major Projects were still on-going. Working with our sub-contractors, none of our projects which were completed during the Track Record Period and up to the Latest Practicable Date required payment by us of any penalty charges to our customers for late completion and delivery. Any delays may have a detrimental impact on our relationship with our customers as well as may tarnish our Group’s track record. We believe that we

have the sufficient experience and knowhow to implement and manage our projects in a timely manner and prior to accepting any potential projects, our management team will assess whether we have the ability to complete our customers' projects within their indicated timeframe.

We believe that our ability to effectively and efficiently manage the delivery of services and materials from our sub-contractors and material suppliers under strict timelines while delivering high quality solutions have been a major factor that has enabled us to generate repeat customers.

We have a diversified, strong and experienced management team with proven track record

Our Directors believe that in order to win over the confidence of our customers, we must provide to our customers some assurance that we are able to efficiently and effectively complete to the satisfaction of our customers any project that we are contracted to perform. We believe that our Directors and senior management team all have the appropriate experience in the fitting-out and renovation industry to provide this assurance and therefore being one of the factors that have allowed us to capture new projects and be efficiently and timely implementing our projects to the satisfaction of our customers.

Our experienced management team includes Mr. Dennis Cheng, one of our founders and an executive Director, who has over 26 years of fitting-out and renovation experience, Mr. Dick Cheng and Ms. Liu who each has over 26 years of management experience, and also two of our senior management team who each has over 10 years of fitting-out or quantity surveying experience. Mr. Dennis Cheng has been instrumental, among other things, in establishing and maintaining relationships with our major customers and contributed in driving the growth of our business. We are further supported by members of our senior management team, namely, Mr. Cheung Kim Man and Mr. Lee King Yin who each have over 10 years of fitting-out and related experience. We believe that the combination of our Directors and our senior management team provide us with a diversified management cultivating a broad spectrum of demographic attributes and characteristics to allow for effective execution of corporate governance and oversight in our business. Further details of the qualification and experience of the Directors and our senior management team are set out in the section headed "Directors and Senior Management" in this prospectus.

We believe that our Directors' experience and leadership together with a team of experienced staff that have operated together is the underlying backbone from which we can achieve our strategies and capture future growth and additional market share.

BUSINESS STRATEGIES

Our Group proposes to further strengthen and expand its business operations whilst maintaining a sustainable and competitive business model through the following strategies:

Expand our Group's business in the fitting-out and renovation industry

Strengthen our financial capabilities to undertake more new and larger scale fitting-out and renovation projects

Our Directors consider that if we are to expand our business and undertake more large-size and high-end fitting-out and renovation projects, we must continue to enhance our available financial resources and strengthen our liquidity position for paying the start-up costs of projects that may potentially be awarded to us, which will include sub-contracting fees, costs of materials and project insurance fees for certain start-up works and cash collateral for surety bonds. Our customers generally may require us to purchase surety bonds issued by banks in the amount of certain percentage of the contract sum in favour of the potential customer. Upon Listing, our Directors believe that the net proceeds from the Share Offer will strengthen our available financial resources to satisfy the requirements for the start-up costs of our projects in the future and allowing us to undertake more projects of larger scale or contract sum which are generally cashflow demanding and also the projects which require the provision of surety bonds or imposing significant pressure on our cash flow. Given our solid track record together with the experience of our Directors and senior management team in the fitting-out and renovation industry, our Directors believe that we are well positioned to undertake such potential large-size and higher value projects.

In view of the above, our Group will continue to strengthen our position in the market as well as to leverage our various experiences and expertise in the fitting-out and renovation industry to increase our market share. For further details, see the section headed "Future Plans and Use of Proceeds" in this prospectus.

Further expand our business in the non-residential sector

According to the Euromonitor Report, it is expected that the fitting-out and renovation works will continue to grow at a CAGR of 8.1% for the period from 2017 to 2021. During the Track Record Period, we derived the majority of our revenue from residential related projects. Our Directors consider there is room for our business expansion and market penetration in the fitting-out and renovation industry for non-residential projects. Accordingly, we plan to further expand our business by providing fitting-out and renovation services to property developers with projects on developing existing hotel and shopping mall etc..

Expand our customer base to capture new sources of projects

Since our Group's establishment in 2008, we have serviced numerous customers. During the Track Record Period, the majority of our customers in terms of awarded contract sum are property developers in Hong Kong. In addition to our effort to maintain our existing customers, we also intend to seek new customers in order to increase our customer base and reduce our reliance on our existing major customers, by actively participating in tendering or responding to tender invitations if the projects match with our scope of services. During the Track Record Period, we focused on a selected number of customers as we have been limited by internal financial and operational resources. Upon Listing, we believe that we can leverage on our available financial resources from the Share Offer to participate in more tenders and to capture new customers to enhance our customers base for future business development.

Further expand our in-house team and capacity to cope with future business opportunities

Our ability to undertake and complete new projects is highly dependent on our internal personnel capacity to manage projects. Each fitting-out and renovation project, depending on the scale of the project, will typically involve project management staff (including project managers, assistant project managers, project coordinators, site supervisors, safety supervisors and draftsmen), quantity surveying staff and procurement and sourcing staff. As at the Latest Practicable Date, we have a total of 49 project management staff, quantity surveying staff and procurement and sourcing staff.

To cope with the potential increase in size and number of projects after the Listing, we plan to hire additional qualified and experienced staff such as project managers, quantity surveyors, site supervisors and safety supervisors. Given the competition in the market, we believe that our Listing will also assist us in attracting and recruiting suitable and capable staff and increase the attractiveness of joining our Group through offering competitive package to potential candidates, including share options to be granted under our Share Option Scheme.

As we continue to upgrade and enhance the operation of our services, we plan to upgrade our existing information technology capabilities through upgrading our computer hardware and software to assist in the preparation of certain technical drawings which provide detail instructions and information on the fitting-out and renovation works to enable our sub-contractors to understand the details of the required works.

MARKET AND COMPETITION

According to the Euromonitor Report, the fitting-out and renovation industry in Hong Kong is highly fragmented with a large pool of service providers with their own specialization in terms of their work or types of industries. While some players may be specialised in fitting-out works only or renovation works only, there are others that handle projects specific to certain industries such as hospitality, commercial, offices or residential due to their clientele network or industry expertise. There are also players that handle primarily high end projects such as residential developments and shopping malls. In addition, other service providers include main contractors or interior designers who may also take on the role of project management and subcontract the site works to contractors which specialise in certain areas of the fitting-out and renovation process. It is forecasted that the fitting-out and renovation industry will continue to grow at a CAGR of 8.1% from 2017 to 2021 primarily due to various factors, including but not limited to (i) the number of aged buildings and units will continue to increase, supporting the demand for renovation works across commercial and residential segments and (ii) the sustaining demand from the residential property market. According to the Euromonitor Report, our Group had approximately 0.6% market share in fitting-out and renovation works in Hong Kong. Please refer to the section headed “Industry Overview — Competitive landscape” in this prospectus for further details regarding the competitive landscape of the industry in which our Group operates.

OUR SERVICES

We provide fitting-out and renovation services for different types of premises in the private sector, including residential apartments and residential dwellings, show flats, sale office, public area in residential and commercial buildings, clubhouses, offices, shops and shopping malls in Hong Kong. The scope of our works could differ depending on the requirements of our customers and vary project-by-project. We are responsible for overall project management, coordination and implementation by engaging sub-contractors and/or procuring the necessary materials from our material suppliers and also monitoring and supervising the project from commencement of our services to the delivery of the certificate of completion and follow-up rectification of defects during the defect liability period.

Types of fitting-out works of a typical fitting-out project generally include the installation of stone and marble works, woodworks, steel and metal works, painting works, sanitary fittings and wares, electrical works, plumbing and drainage installation work as well as other associated works. Upon special requirements from our Group’s customers, our Group will also provide services in relation to procurement of furniture and other decorative materials to be placed in such area.

Our renovation works typically include upgrades and/or makeovers and/or demolition of existing works and all the works that are carried out in typical fitting-out works.

OUR PROJECTS

Completed Projects 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 have completed 93 fitting-out and renovation projects in Hong Kong. Amongst these projects, 29 are Major Projects, and in respect of which revenue of approximately HK\$152.4 million, HK\$187.3 million and HK\$37.5 million was recognised for the two financial years ended 31 March 2017 and the four months ended 31 July 2017, respectively, representing approximately 85.5%, 82.9% and 51.8% of our total revenue, respectively. The following table sets forth information about the 29 Major Projects (i.e. those with a contract sum of not less than HK\$1.0 million) that were completed during the Track Record Period and up to the Latest Practicable Date:

Customer	Particulars and location	Type of works	Date of commencement of work (month/year)	Date of completion of work (month/year)	Awarded contract amount (Note) (HK\$'000)	Revenue recognised for the financial year ended 31 March 2016 (HK\$'000)	Revenue recognised for the four months ended 31 July 2017 (HK\$'000)	Total revenue recognised during the Track Record Period (HK\$'000)
Customer F	A house at Shek O	Fitting-out work	Mar 2016	May 2017	105,038	3,292	19,255	88,587
Customer A	Units of a private housing estate in Tai Tam	Renovation work	Mar 2015	Aug 2015	56,000	44,163	321	47,191
Customer C	Lift lobby/kitchen/bathroom/utility of residential building at Ap Lei Chau	Fitting-out work	Jun 2015	Aug 2016	47,000	24,093	957	42,991
Customer A	House of a private estate at Tai Tam	Renovation work	Jun 2017	Dec 2017	39,500	-	7,216	7,216
Customer G	Show flat at Tsuen Wan	Renovation work	Mar 2016	Apr 2017	30,007	3,217	1,360	28,288
Customer B	Bathrooms of residential building at Tuen Mun	Fitting-out work	May 2016	Jul 2017	27,668	-	1,365	24,723
Customer E	Show flat and sales office at Hung Hom	Renovation work	Oct 2014	Dec 2015	23,242	6,308	-	7,783
Customer A	Units of a private housing estate in Tai Tam	Renovation work	Sep 2015	Jan 2016	20,010	16,889	447	19,417
Customer I	Lift lobby/toilet of commercial building at Kwun Tong	Renovation work	Mar 2016	Apr 2017	17,104	-	2,909	15,975

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Customer	Particulars and location	Type of works	Date of commencement of work (month/year)	Date of completion of work (month/year)	Awarded contract amount (HK\$'000)	Revenue recognised for the financial year ended 31 March 2016 (HK\$'000)	Revenue recognised for the financial year ended 31 March 2017 (HK\$'000)	Revenue recognised for the four months ended 31 July 2017 (HK\$'000)	Total revenue recognised during the Track Record Period
Property owner	Lift lobby/corridor of commercial building at Tsim Sha Tsui	Renovation work	Mar 2014	Jan 2016	14,249	1,688	2,225	290	4,203
Customer D	Show flats of a private housing estate at Kau To Shan	Fitting-out work	Jan 2015	Jun 2015	12,406	8,917	-	-	8,917
Customer G	Show flats at Kowloon City	Renovation work	Oct 2014	Sep 2015	11,800	4,489	1,031	-	5,520
Listed property developer	Houses at Stanley Beach Road	Fitting-out work	Sep 2014	Dec 2015	11,725	1,943	-	471	2,414
Customer D	A show flat of a private housing estate at Kau To Shan	Renovation work	Jul 2015	Dec 2015	10,419	8,600	179	4	8,783
Property owner	A house at Repulse Bay	Renovation work	Jan 2016	Aug 2017	9,534	535	7,337	1,098	8,970
Customer E	Club house of Residential Building at Ping Shan	Fitting-out work	Oct 2014	Dec 2015	9,158	7,931	163	29	8,123
Customer A	Unit of a private housing estate in Tai Tam	Renovation work	Jul 2016	Sep 2016	8,245	-	7,788	145	7,933
Customer B	Various units of residential apartments of a private housing estate at Tuen Mun	Fitting-out work	May 2016	Apr 2017	5,989	-	5,333	316	5,649
Mr. Dick Cheng Investment holding company	A unit of residential building at Kowloon Tong Office in Central	Renovation work	Jun 2016	Mar 2017	5,600	-	5,159	439	5,598
Customer B	Lift lobby/lift car/kitchen/bathroom of residential building at Kowloon City	Fitting-out work	Sep 2015	Jan 2016	4,668	4,344	324	-	4,668
Customer A	A unit of a private housing estate in Tai Tam	Renovation work	Jun 2015	Aug 2015	4,634	3,065	818	-	3,883
Customer A	A unit of a private housing estate in Tai Tam	Renovation work	Jun 2015	Aug 2015	4,342	3,778	156	40	3,974

BUSINESS

Customer	Particulars and location	Type of works	Date of commencement of work (month/year)	Date of completion of work (month/year)	Awarded contract amount (HK\$'000)	Revenue recognised for the financial year ended 31 March 2016 (HK\$'000)	2017 (HK\$'000)	Revenue recognised for the four months ended 31 July 2017 (HK\$'000)	Total revenue recognised during the Track Record Period
Customer A	A show flat of a private housing estate in Tai Tam	Renovation work	Apr 2016	Jun 2016	4,260	1,248	2,884	85	4,217
Customer B	Club house and main entrance lobby of residential building at Kowloon City	Fitting-out work	Dec 2015	Jan 2016	4,232	2,942	1,290	-	4,232
Customer B	Staircase of residential building at Kowloon Tong	Fitting-out work	Nov 2015	Mar 2016	2,066	2,190	-	-	2,190
Customer B	Show flat of residential building at Sai Kung	Renovation work	Jul 2015	Oct 2015	1,945	1,228	510	88	1,826
Mr. Dick Cheng	A unit of residential building at Tai Hang	Renovation work	Aug 2015	Jan 2016	1,601	1,568	33	-	1,601
Retail Operator	Renovation work of shop at Kowloon Tong	Renovation work	Mar 2017	Apr 2017	1,300	-	1,081	84	1,165
Customer I	Lift lobby of commercial building at Kwun Tong	Renovation work	Jan 2017	May 2017	1,286	-	651	555	1,206

Note: The awarded contract sum represents the contract amount stated in the original contract or letter of award (where the contract is yet to be executed) plus any adjustments due to variation orders issued/confirmed prior to 31 July 2017.

BUSINESS

Major Projects on hand

As at the Latest Practicable Date, we have 12 Major Projects on hand and in respect of which (i) revenue of approximately HK\$15.9 million, HK\$33.5 million and HK\$33.9 million was recognised for the two financial years ended 31 March 2017 and the four months ended 31 July 2017, respectively, representing approximately 8.9%, 14.8% and 46.9% of our total revenue, respectively; (ii) the total amount of outstanding contract sum as at 31 July 2017 for the Major Projects awarded prior to 31 July 2017 and in progress as at 31 July 2017 was approximately HK\$144.2 million; and (iii) the contract sum for the Major Projects awarded to our Group after the Track Record Period and up to the Latest Practicable Date was approximately HK\$139.1 million. The table below sets forth details of our 12 Major Projects on hand (i.e. those with a contract sum of not less than HK\$1.0 million) as at the Latest Practicable Date.

Customer	Particulars and location	Type of works	Date (or expected date) of commencement of work (month/year)	Estimated completion date (1) (month/year)	Awarded contract amount (2) (HK\$'000)	Revenue recognised for the year ended 31 March 2016 (HK\$'000)	Revenue recognised for the four months ended 31 July 2017 (HK\$'000)	Total revenue recognised during the Track Record Period (HK\$'000)	Outstanding contract amount as at 31 July 2017 (3) (HK\$'000)	Estimated revenue expected to be recognised for the year ending 31 March 2018 (HK\$'000)	Estimated revenue expected to be recognised for 31 March 2019 (HK\$'000)	Retention monies (5) (HK\$'000)	
Customer H	A private housing estate at Pok Fu Lam	Fitting-out work	Jul 2016	Feb 2018	74,680	-	21,577	31,831	42,849	54,196	10,230	-	3,534
Customer B	Hotel in Tsuen Wan	Renovation work	Sep 2017	Nov 2018	74,488	-	-	-	Not applicable(4)	24,742	39,983	9,763	3,724
Property developer	Houses at Repulse Bay Road	Fitting-out work	Feb 2018	Jul 2018	51,600	-	-	-	Not applicable(4)	15,583	34,339	1,678	2,580
Customer B	Units of residential building at Tuen Mun	Fitting-out work	Aug 2015	Mar 2018	44,874	14,177	4,308	40,800	4,074	8,582	-	-	515
Customer H	Lobby and club house of residential building in Tsuen Wan	Fitting-out work	May 2017	Jul 2018	43,100	-	4,743	4,743	38,357	9,483	30,815	2,802	2,155
Customer F Construction company	A house at Shek O Clubhouse and lobby of a residential building at Central	Fitting-out work Renovation work	Aug 2017 Aug 2017	Jul 2018 Feb 2018	32,471 18,000	- -	3 -	3 -	32,468 18,000	16,565 12,372	14,850 5,043	1,056 585	1,624 900
Property owner Property owner	A house in Sai Kung Clubhouse and swimming pool of residential building at Repulse Bay	Fitting-out work Fitting-out work	Apr 2017 Oct 2017	Mar 2018 Mar 2018	10,287 9,186	- -	3,036 -	3,036 -	7,251 Not applicable(4)	9,196 6,577	765 2,311	326 298	514 459
Customer B	Units of residential building at Kowloon Tong	Renovation work	Sep 2015	Mar 2018	4,091	1,674	279	2,907	1,184	1,463	-	-	-
Interior design company	A house at Tai Tam	Renovation work	Sep 2017	Jun 2018	2,170	-	-	-	Not applicable(4)	1,760	340	70	109
Customer G	Houses and units of a residential building at Kowloon Tong	Renovation work	Nov 2017	Jan 2018	1,635	-	-	-	Not applicable(4)	1,173	409	53	82
Total					366,582	15,851	33,523	83,320	144,183	161,492	139,085	16,631	16,196

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Notes:

- (1) The estimated completion date is the completion date stated in the relevant contract, which is subject to variation.
- (2) The awarded contract amount represents the contract amount stated in the original contract or letter of award (where the contract is yet to be executed) plus any adjustments due to variation orders issued/confirmed prior to 31 July 2017 and is subject to adjustments due to variation orders or prolongation of the project period.
- (3) Outstanding contract amount as at 31 July 2017 is calculated by the awarded contract amount (with adjustment for variation orders) minus the revenue recognised during the Track Record Period.
- (4) These projects had no outstanding contract sum as at 31 July 2017 as they were awarded to us after the Track Record Period.
- (5) The retention monies represent the retention monies withheld as per the original contract.

Movement of projects during the Track Record Period and up to the Latest Practicable Date

The below table sets out the details of the movements of our Group's number of on-going and completed projects during the Track Record Period and up to the Latest Practicable Date:

	For the financial year ended 31 March		From 1 April 2017 to 31 July 2017	From 1 August 2017 to Latest Practicable Date
	2016	2017		
Number of on-going projects at beginning of the year/period	9	9	13	12
Number of new projects awarded during the year/period	38	25	12	22
Number of projects completed during the year/period	<u>(38)</u>	<u>(21)</u>	<u>(13)</u>	<u>(21)</u>
Number of on-going projects as at year end/period end	<u>9</u>	<u>13</u>	<u>12</u>	<u>13</u>

During the Track Record Period, the range of contract sum per project entered into by our Group for fitting-out projects were approximately HK\$0.9 million to HK\$105.0 million, approximately HK\$6.0 million to HK\$70.7 million, and approximately HK\$0.4 million to HK\$43.1 million for the financial years ended 31 March 2016 and 2017 and four months ended 31 July 2017, respectively. During the Track Record Period, the range of contract sum per project entered into by our Group for renovation projects, which included additional small-scale works, such as interior alteration, repair and maintenance

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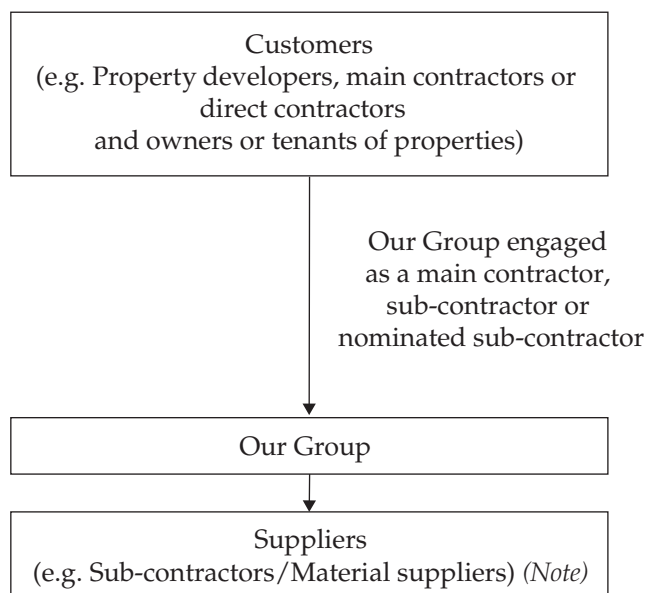
works that involve no structural change, provided to our customers in relation to the fitting-out or renovation projects previously undertaken by us, were approximately HK\$2,000 to HK\$26.7 million, approximately HK\$1,000 to HK\$8.2 million and approximately HK\$1,300 to HK\$39.5 million for the financial years ended 31 March 2016 and 2017 and four months ended 31 July 2017, respectively.

After the Track Record Period and up to the Latest Practicable Date, we were awarded a total of five Major Projects, which comprised two Major Fitting-out Projects and three Major Renovation Projects with a total contract sum of approximately HK\$139.1 million.

After the Track Record Period and up to the Latest Practicable Date, we had submitted 22 tenders for new projects and had declined one invitation to tender. As at the Latest Practicable Date, we had yet to receive results from those 22 tenders with a total indicated notional contract sum of approximately HK\$392.6 million. For further details, see the section headed “Future Plans and Use of Proceeds — Implementation Plan” in this prospectus.

OUR BUSINESS MODEL

We provide fitting-out and renovation services to our customers and such services include, among other things, the overall implementation of the project, planning, coordinating, monitoring and supervising the project from commencement of our services to the delivery of the certificate of completion and follow-up rectification of defects during the defect liability period.

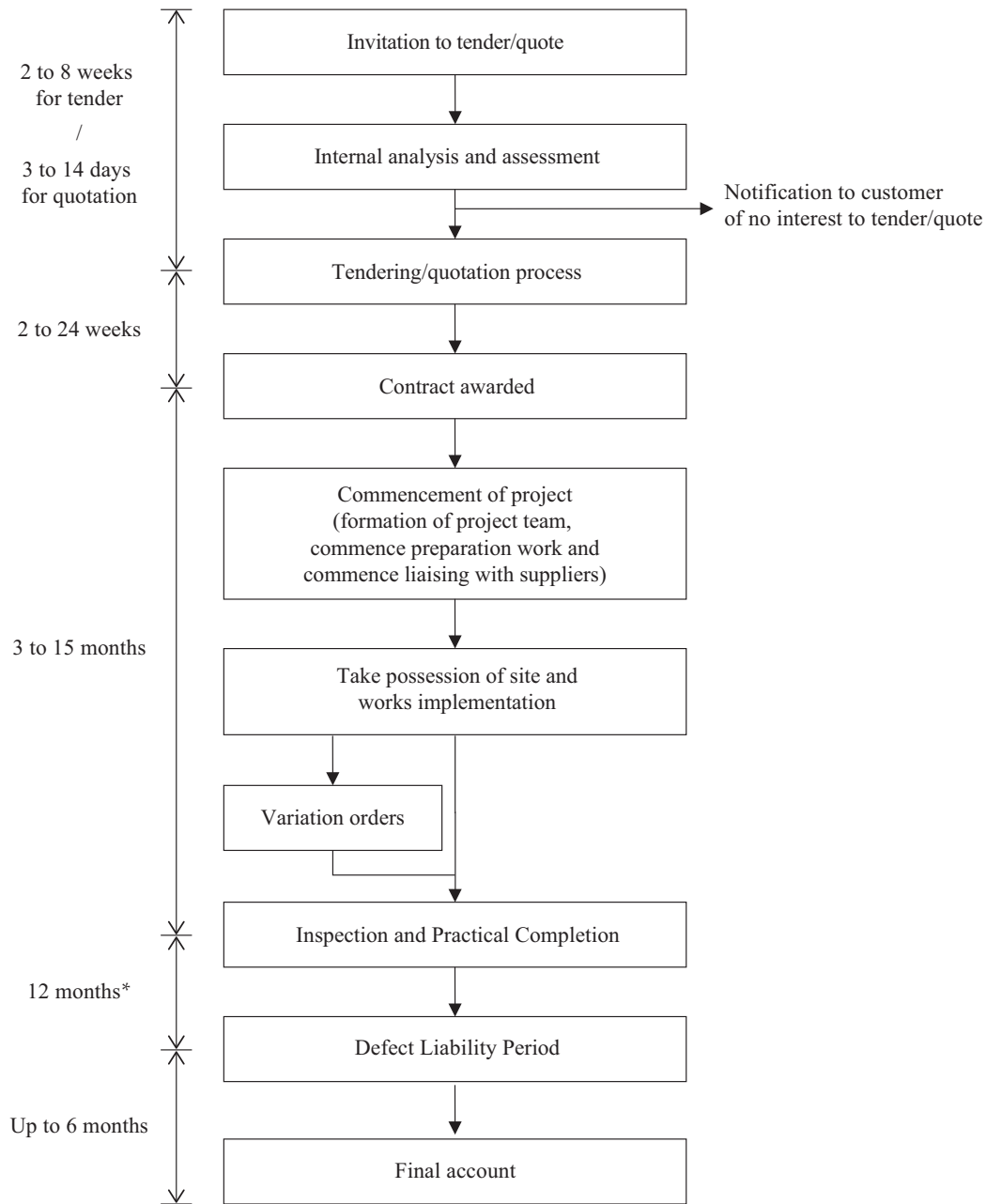


Note: Fitting-out and renovation works provided by sub-contractors including but not limited to fire services installation, plumbing and drainage, installation of brickwork and blockwork, waterproofing, stone works, wood works, steel and metal works, plastering, glazing and painting. For details on our sub-contractors, please refer to the section headed “Business — Suppliers — Sub-contractors” in this prospectus.

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OPERATING PROCEDURES

The flow chart below is a summary of a typical project flow, though each and every project may vary slightly in terms of timing and procedure and will depend on various factors such as customer's preference, the main contractor that is appointed (if any), size, nature and complexity of the project:



Note: the timeline for each stage is for reference only

* Defect liability period is typically 12 months or for certain projects 24 months from the date of the certificate of practical completion depending on the contract with our customer. As at the Latest Practicable Date, projects with 24 months of defect liability period are yet to proceed to the final account stage.

Invitation to tender/quote

From existing customers that we have already established business relationships with or through referrals from existing or past customers, we may receive details of potential projects that may require our fitting-out and renovation services and where we may be invited to provide a quotation or express interest or submit a tender. For the two financial years ended 31 March 2016 and 2017 and four months ended 31 July 2017, the total initial contract amount awarded to us through tendering as a percentage of total initial awarded contract amount through tendering and quotation was approximately 78.1%, 87.5% and 74.6%, respectively. When we receive invitations to express interest or submit a tender (“**Invitations**”), it will typically include among other things, tender documents, drawings, material details, the manner in which the tender is to be submitted (i.e. in sealed envelope), the latest time to submit and period of validity of the tender. Works that maybe specified within a tender may include: blockwork and brickwork, structural steelwork, plaster and pavior, ceilings, laminated glass, mirror and glass, painting, carpentry, joinery and furniture, ironmongery, drapery, carpet, signage and graphics, waterproofing works and finishes. We generally submit tenders in response to most invitations to tender from potential customers in order to maintain customers’ relationship, promote our brand name and increase our opportunity to secure new customers and projects. However, if we have deployed a large portion of our labour, financial and management resources for carrying out the works for projects on hand, we would be more selective in submitting tenders and we would be less aggressive in submitting competitive tenders and would apply a higher profit margin in the tender. The factors that we consider to decide on whether or not we would pursue a project include, among other things, internal manpower and financial resources, availability of sub-contractors, complexity, size and type of project, timing, costs, profitability and nature of work. During the Track Record Period, we have declined to provide a tender in relation to seven invitations due to one or more of the above reasons. For information on the tender success rates and Invitations which we did not proceed with/or indicate interest, please see the section headed “Business — Sales and Marketing” in this prospectus.

Our Company has set up a project tender committee (the “**Project Tender Committee**”) comprising of all our executive Directors and the two project directors, namely, Mr. Cheung Kim Man and Mr. Lam Tin Chi. If, after having considered all aspects of the project including the above mentioned, our Project Tender Committee decides that it is a viable project to undertake, then our quantity surveyor staff will coordinate and prepare a tender for the customer. With exception to preparing tender documents, we will effectively carry out the same internal process for a quotation as we would for a tender.

Internal analysis and assessment

Tendering Process

Each set of Invitation documents will typically include, among other things, the details of the property to be fitted out or renovated, comprehensive details on scope of works, the types of materials to be used, measurements, the standards that certain materials must meet, brands of designated materials, names of designated suppliers (if any). For projects from property developers, these Invitation documents will be typically sent to us from project companies of property developers, which we understand are specific to a project and is a common market practice used in Hong Kong.

Preparation of a tender will typically involve staff from our project management department, purchasing department and our quantity surveying department. As part of the tendering process and based on the specifications as set out in the tender package, our staff will commence discussion with sub-contractors and material suppliers for quotations. Based on the quotations that we receive from our sub-contractors and materials suppliers, our staff will then commence pricing our services to be provided. For details of our Group's pricing, see the section headed "Business — Customers — Pricing strategies" in this prospectus. Our tender document will include, among others, a schedule of rates which includes description on scope of works and materials, quantity and unit of materials, pricing of works and materials, together with a summary of scheduled rates and stating the validity period of the tender, acceptance to commence works with a specified period and acceptance to obtain a surety bond from a bank or an insurance company. Before a tender is submitted it is required to be approved by at least two out of the five committee members of our Project Tender Committee. Once submitted to customers, our tender cannot be revoked during the validity period. A tendering period typically takes two weeks to one month, depending on the complexity and size of the project.

Once a tender has been submitted to the customer, we may receive additional queries on our tender or may be requested to attend one or more tender interviews. After all additional queries are resolved, we will either be notified by the customer whether or not our tender has been successful and we will receive formal written notification setting out certain terms and conditions such as:

- Awarded contract amount
- Date of possession and timing of completion of project
- Requirement to ensure employee compensation insurance
- Requirement to purchase surety bond

Quotation process

As compared to a typical tendering process, the quotation process is generally the same but less complicated as it will typically involve less documentation to be prepared and submitted to our customers. In preparing a quotation for customer, we will obtain quotations from our sub-contractors and material suppliers in a similar manner as to a tendering process. Preparation of a quotation will also involve staff from our project management department, purchasing department and our quantity surveying department. The time required to prepare a quotation is typically between 3 to 14 days, depending on the complexity and size of the project and will also be required to be approved by at least two out of the five committee members of our Project Tender Committee before being passed to our customer.

Formation of project management team and preparation work

During the first few weeks after a contract is awarded, we will commence mobilization of adequate resources in terms of project management staff to kick-start the project. At the same time, the site team together with the supporting team at our back office will work in close co-ordination to enable a smooth set up for the project. Team members of our Group will be assigned to coordinate the fitting-out work and renovation work with the customer, the main contractor, consultants, sub-contractors and material suppliers (as the case maybe).

The size of a project management team for a particular project may vary depending on the size and complexity of a project but will typically include one or more of the following staff: project manager, site coordinators, site supervisors, safety supervisor and a draftsman. A project manager will typically have more than four years of experience and is principally responsible for overall project management including the planning of the project and the budget, assigning and allocating works to the relevant staff, being responsible for the communication with the customer, customer's project team and customer's professional parties, drawing submission, sample submission, design coordination, works management, progress monitoring and sub-contractor coordination. A site coordinator or assistant project manager will typically have more than three years of relevant experience and is principally responsible for assisting the project manager to perform his duties. A site supervisor will typically have more than three years of experience and is principally responsible for daily on site workmanship and quality supervision of the sub-contractors and materials suppliers to ensure that the works are carried out in accordance with tender specifications and that the progress is on time. Our assistant project manager or site supervisor will also act as safety supervisor to supervise the implementation of site safety and environmental measures according to statutory requirements, manage risk management and control, carry out site safety and environmental inspection and investigations on any accidents, promote site safety and environmental awareness and evaluate our compliance of statutory compliance on site and to ensure our safety guidelines are followed by the project management team. A draftsman is responsible for preparing detailed plans from the architectural drawings provided by the customer or their architects/main contractor.

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A project programme for our fitting-out or renovation services will be prepared by our project team showing in detail the project management timeline including information such as works required, number of work days involved, start date and completion date.

Subcontracting/material procurement

As part of our fitting-out and renovation services, we are responsible for coordinating and liaising with sub-contractors and material suppliers. In preparation of our tenders, we usually have already contacted potential sub-contractors and discussed with them their availability for our projects before submitting our tenders. Once we have been notified by customers that our tender is successful, we will commence liaising with our sub-contractors and notifying them that their subcontracting services are required. Further, where materials are required to be ordered directly by us, we will commence discussions with material suppliers for the ordering of materials as material suppliers typically will not carry sufficient stock on hand and they will need time for the factories to supply the required materials. For details on our sub-contractors and material suppliers and the materials typically ordered, please refer to the section headed “Business — Suppliers” in this prospectus. For details on the quality control on our sub-contractors and material suppliers, please refer to the section headed “Business — Quality Control” in this prospectus.

Take possession of site

When we take possession of a site, which means where we are given full access to the location that is being fitted out or renovated, we will undertake a pre-construction survey to establish a precise physical condition of all material aspects of the site and its adjoining areas. Works area boundaries will be established and agreed in accordance with the contract and made secure as required to ensure that no unauthorised third parties are allowed to entry and to protect valuable equipment from being stolen. Proposed boarding will be erected according to drawings, site clearing and removal of existing facilities will be carried out and a list of authorised persons allowed to enter the site will be established.

Works implementation

Each project management team will have the overall responsibility of ensuring that all works carried out by our sub-contractors are in compliance with works, safety, environmental and other relevant laws and regulations. A summary of these regulations is set out in the section headed “Regulatory Overview” in this prospectus.

The daily supervision of the on-site activities is the principal responsibility of our on-site coordinator/on-site supervisor. They are required to be available and present on-site daily for the projects for which they have been allocated to ensure that progress of the project is in line with internally agreed project milestones. If we fail to complete pre-agreed works by the milestone dates, we may be subject to penalties charged on a daily basis. Meetings will be held regularly between us, our customers and our sub-contractors for reporting updated progress and see if it is deviated from the programme and to understand the reason of delay (if any). If it is found the delay is due to

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our fault, delay remedial measures will be carried out by us through liaising with our sub-contractors to see what can be done to catch up the progress. The on-site coordinator/on-site supervisor will also be the primary line of contact for reporting for accidents or issues that are required to be resolved. During the lifespan of a fitting-out or renovation project, we will also regularly meet with our customer or their representatives to provide project status updates as well as to discuss potential issues that may arise during the fitting-out or renovation process and ways to resolve such issues. Given our experience and our fitting-out and renovation knowhow, we believe we are able to proactively provide improvement and modification proposals to our customers to further assist them to achieve their requirements. Further details on our project management staff are set out in the section headed “Business — Employees” in this prospectus.

Application for interim payment and certification

In accordance with the tender documents, from the commencement of the project and usually on a monthly basis we are required to submit interim payment application based the progress of the fitting-out and renovation works completed on site. Please refer to the general terms of contracts as set out in the section headed “Business — Customers — General terms of contracts with customers” in this prospectus for further information. Review and assessment of payment application is typically done by our customer’s quantity surveyor and is normally carried out within a week after our submission of the interim payment application. After an agreement is reached between our staff and our customer’s quantity surveyor on the amount of work done on-site, our customer’s quantity surveyor will submit the valuation to the architect for the issuance of the interim payment certificate. The assessment of completed work will typically take approximately 14 to 28 days. Based on the amount as stated in the interim payment certificate, our accounting and finance department will then submit an invoice to the customer to arrange for payment. We typically will get settlement from our customer within 28 days of submitting an invoice to them.

Retention money is a percentage of the contract sum which is withheld by our customer and is generally released in full upon issue of a certificate of making good defects at the end of the defect liability period. The percentage of the retention money is usually at the rate of 5% to 10% of each interim payment until generally 5% of a total contract amount is reached. The retention monies will be generally released as to 50% upon the issue of practical completion certificate and as to the remaining 50% upon issuance of certificate of making good defects after the expiry of the defect liability period.

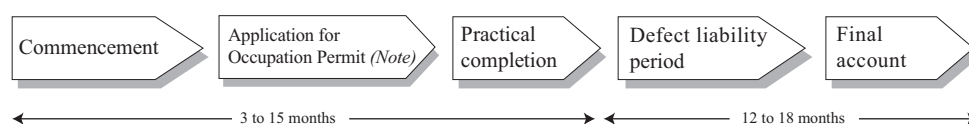
Practical completion and defect liability period

Once we have completed our fitting-out or renovation works in accordance with the terms of awarded contracts, we will inform our customers and they will arrange for inspection to be conducted by their designated representatives. The inspection will typically include checking on whether the fitting-out or renovation works are in compliance with the agreed specifications and any defects highlighted during the inspection will be marked for rectification. Subsequently, we will in most fitting-out and renovation projects receive a certificate of practical completion from our customer which may state that practical completion has been made subject to making good certain defects,

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shrinkage and other defaults which may appear during the defect liability period. For other projects, after inspection, we will receive written or verbal confirmation that such works are completed, and the final bill will then be issued to such customer. Depending on the fitting-out or renovation works contract that we have entered into with our customer, defect liability period is typically 12 months or for certain projects 24 months from the date of the certificate of practical completion. During the defect liability period, at our own expense, we will be responsible for rectifying any defects in fitting-out or renovation works which we were contracted for. As part of the guarantee for the defect liability period, generally 50% of the retention monies, which is 2.5% of our total contract amount is retained by our customer. Such retention monies are only released to us upon issuance of certificate of making good defects after the expiry of the defect liability period. For details of the retention monies, please refer to the section headed “Business — Customers — General terms of contracts with customers” in this prospectus.

A sample timeline for a typical project is as follows:



Note: The main contractor or the property owner will submit an application for an occupation permit in respect of the occupation of new building. An occupation permit will not be granted unless the Building Authority is satisfied that the new building concerned has been constructed in accordance with the Buildings Ordinance. We perform necessary works to assist main contractor or property owner in occupation inspection and do not involve in making application for occupation permit.

CUSTOMERS

During the Track Record Period, our customers comprised (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties. For our property developer customers, the contracting parties that we enter into agreements with may be separate project companies which are directly or indirectly owned by such property developers. Our Directors believe that from our initial establishment in 2008, we have nurtured a stable network of customers, the majority of whom have been recurring customers during our Track Record Period. We do not enter into any long-term contracts with our customers and our contracts are entered into on project-by-project basis and typically subject to winning tenders and quotations.

Five largest customers

Our fitting-out and renovation projects are mainly awarded by way of tenders invited or quotations requested by our customers or their agents directly. During the Track Record Period and up to the Latest Practicable Date, our customers engaged us on a project-by-project basis instead of entering into any long-term contract. Our Directors consider that such arrangement is in line with the industry practice as fitting-out and renovation projects are usually one-off in nature. Please refer to the sections headed “Business — Customers” and “Business — Sales and marketing” for further details.

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None of our Directors or their close associates or any Shareholders who own more than 5% of the issued share capital of our Company had any interest in any of our Group's five largest customers during the Track Record Period. All of our five largest customers during the Track Record Period are Independent Third Parties. To the best knowledge of our Directors, none of our Group's five largest customers during the Track Record Period was also a supplier of our Group.

The tables below set out our Group's top five largest customers during the Track Record Period.

For the financial year ended 31 March 2016

Rank	Name of customers	Type of services provided	Approximate years of business relationship	Revenue recognised (HK\$'000)	% of total revenue
1	Customer A (Note 1)	Renovation work	6	67,292	37.8
2	Customer B (Note 2)	Fitting-out and renovation works	6	26,048	14.6
3	Customer C (Note 3)	Fitting-out work	2	24,093	13.5
4	Customer D (Note 4)	Fitting-out and renovation works	3	17,574	9.9
5	Customer E (Note 5)	Fitting-out and renovation works	8	15,349	8.6
				150,356	84.4

For the financial year ended 31 March 2017

Rank	Name of customers	Type of services provided	Approximate years of business relationship	Revenue recognised (HK\$'000)	% of total revenue
1	Customer F (Note 6)	Fitting-out work	2	66,040	29.2
2	Customer B	Fitting-out and renovation works	6	54,867	24.3
3	Customer G (Note 7)	Fitting-out and renovation works	6	24,626	10.9
4	Customer C	Fitting-out work	2	17,941	7.9
5	Customer A	Renovation work	6	15,640	6.9
				179,114	79.2

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For the four months ended 31 July 2017

Rank	Name of Customer	Type of services provided	Approximate years of business relationship	Revenue recognised (HK\$'000)	% of total revenue
1	Customer H (Note 8)	Fitting-out work	1	26,320	36.4
2	Customer F	Fitting-out work	2	19,255	26.6
3	Customer A	Renovation work	6	8,471	11.7
4	Customer B	Fitting-out and renovation works	6	6,450	8.9
5	Customer I (Note 9)	Renovation work	6	3,742	5.2
				64,238	88.8

Notes:

1. Customer A is a joint venture company between Customer G, a private property developer and a subsidiary of a company (the "JV Shareholder") listed on the Main Board of the Stock Exchange, which is principally engaged in property investment, property rental and estate management. As disclosed in the annual report of the JV Shareholder for the year ended 31 December 2016, the JV Shareholder had 42 employees as at 31 December 2016. For the year ended 31 December 2016, the JV Shareholder generated approximately HK\$55.5 million in revenue and had profit attributable to shareholders of approximately HK\$61.8 million.
2. Customer B is a limited company incorporated in Hong Kong, which is engaged in property construction.
3. Customer C is a limited company incorporated in Hong Kong, which is engaged in property construction.
4. Customer D is a subsidiary of a property developer in Hong Kong and listed on the Main Board of the Stock Exchange, which is principally engaged in the investment and trading of properties and hotel operation, property holding, securities trading and investment. As disclosed in the annual report of Customer D's parent holding company for the year ended 31 March 2017, the parent holding company had 225 employees as at 31 March 2017. For the year ended 31 March 2017, the parent holding company generated approximately HK\$1.9 billion in revenue and had profit attributable to shareholders of approximately HK\$1.3 billion.
5. Customer E is one of the leading property developers in Hong Kong and listed on the Main Board of the Stock Exchange, which is principally engaged in property development and investment, hotels and serviced suites operation, property and project management. As disclosed in the annual report of Customer E for the year ended 31 December 2016, Customer E had approximately 21,300 employees as at 31 December 2016. For the year ended 31 December 2016, Customer E generated approximately HK\$69.3 billion in revenue and had profit attributable to shareholders of approximately HK\$19.4 billion.
6. Customer F is a limited liability company incorporated in BVI and is wholly-owned by the chairman and the executive director of a company listed on the Main Board of the Stock Exchange.
7. Customer G is a large-scale private property developer in Hong Kong.

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8. Customer H is a limited company incorporated in Hong Kong and is principally involved in construction and engineering in Hong Kong. In addition to construction projects in Hong Kong, it also involved in construction and engineering projects in China and Southeast Asia.
9. Customer I is a subsidiary of a leading property developer in Hong Kong listed on the Main Board of the Stock Exchange and principally engaged in property development and investment, hotels, telecommunications, infrastructure and logistics. As disclosed in the annual report of Customer I's parent holding company for the year ended 30 June 2017, the parent holding company had over 37,000 employees as at 30 June 2017. For the year ended 30 June 2017, the parent holding company of Customer I generated approximately HK\$78.2 billion in revenue and had profit attributable to shareholders of approximately HK\$41.8 billion.

During the Track Record Period, we have maintained a good relationship with our customers and did not have any material disputes with any of them. We have not received any material customer complaints during the Track Record Period. Since our Group's establishment in 2008, we believe that we have built a good reputation in the fitting-out and renovation industry for quality services which has been one of our strengths to maintain customer loyalty. In addition to recurring customers, we may also be referred to new customers from recurring customers or business contacts of our Directors.

Customer concentration

During the Track Record Period, we derived a majority of our revenue from our five largest customers. We have established stable and long business relationships with some of our major customers. Our Directors believe that our customer relationships are built on our long years of commitment, reputation in the industry and our track record with timely delivery of works and to the satisfaction of our customers.

Our Directors consider that the concentration of our revenue from our five largest customers was also due to the fact that any sizeable project which we undertook would contribute to a significant portion of our revenue in the particular period and would possibly result in the relevant customer becoming one of our largest customers in that particular period. As a result, the mix and identity of our largest customers may vary from year to year. For the two financial years ended 31 March 2017, we had a total of seven customers that ranked as one of our top five customers and of these seven customers, three of them were our top five customers for both of the two financial years ended 31 March 2017.

We have continued to diversify our customer base and attract new customers. During the Track Record Period, we were awarded contract with Customer F, who had not entered into any contracts with us prior to the commencement of the Track Record Period as confirmed by our Directors, and has become our largest customer for the financial year ended 31 March 2017.

For associated risks, see the section headed "Risk Factors — We rely on several major customers who do not have long-term commitments with us" in this prospectus.

General terms of contracts with customers

The general terms of our service contracts may vary based on negotiations with our customers and in the case of the property developer customers, the terms of the contract are normally set out by them.

We do not specify a credit term in our agreements with our customers as the payment from our customers is based on a monthly progress payment as specified in the tender documents. Once the work completed has been verified by the customer, we will typically receive payment within 28 days of presentation of an invoice. Our management and accounting and finance department conduct regular reviews on customers' payment history, length of relationship and outstanding payment (if any). Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there have been no notification and indication of non-payment of our trade receivables or the need to make provisions for our trade receivables.

The principal contract terms of our projects with our customers are primarily stated within the tender package (including the Invitation) that we receive from our customers, as well as in the letter of acceptance if we are successful in a tender. Terms of the contract will generally cover the following:

Scope of services, location and contract period	<p>Each invitation tender package will include in detail the fitting-out or renovation works that we are asked to tender for, such as type of fitting-out or renovation works, details of property to be fitted out or renovated and expected completion date, and is subject to any variation order received from the customer. The variation order includes alteration, addition, substitution or omission of works.</p> <p>During the Track Record Period, none of our contracts entered into with our customers contained exclusivity clause which restricts our ability to provide services to other customers.</p>
Contract sum	As per our submitted tender and subject to variation orders.
Validity of tender	Our tenders are typically required to be valid for a period of 90 days from our tender date.
Insurance	Contracts will typically set out the insurance to be effected and maintained by us, such as the contractor all-risks and third party liability insurance and employees' compensation insurance. Such insurance which we have effected and maintained are normally required to cover our sub-contractors.

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Late penalties	Our contracts will typically set out the sum chargeable to our Group as compensation to our customers if our Group cannot complete the project by the agreed completion date. Typically late charges are charged on a daily basis.
Payment terms	Payments from the customer are based on monthly interim certificates. A representative of the customer, typically a quantity surveyor, will review and verify the extent of work completed and issue an interim certificate. Once an interim certificate is issued by the customer or its designated representative, our accounting and finance department will subsequently prepare and issue an invoice to the customer for payment.
Defect liability period	We will provide all rectification works during the defect liability period, typically 12 months or for certain projects 24 months from date of practical completion.
Surety bonds	Our customers may require us to purchase a surety bond issued by a bank, or insurance company in favour of them for a total amount usually representing 10% of the contract sum. A surety bond is commonly requested by customers in the property development industry to safeguard the due performance of the contract by its main contractor and/or sub-contractor.
Retention money	Retention money is a percentage of the contract sum which is withheld by the customer and is generally released in full upon issue of a certificate of making good defects at the end of the defect liability period. The percentage of the retention money is usually at the rate of 5% to 10% of each interim payment until 5% of a total contract amount is reached. The retention monies will be generally released as to 50% upon the issue of practical completion certificate and as to the remaining 50% upon issuance of certificate of making good defects after the expiry of the defect liability period.

Pricing strategies

Our Group adopts a cost-plus pricing model when preparing tenders and quotations. Factors that we consider when determining the appropriate mark-up include, among other things, previous tender records and awarded tender price of previous similar projects, the payment terms, the scale, complexity and specification of the project, our capacity, project duration, the estimated project cost (which mainly includes the direct staff cost, subcontracting costs and material costs) and the current market conditions.

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Each project may also require variation orders which typically is a request for additional works to be completed. Similarly, fees for any additional work will also be determined by the cost-plus pricing model as mentioned above. During the Track Record Period and up to the Latest Practicable Date, we had no material dispute with our customers relating to variation orders. Further information on our customers is set out in the section headed “Business — Customers” in this prospectus.

We believe that we have implemented a time and cost estimation process for our projects that enables our Group to operate in line with our pricing strategies. Among all the projects that we have completed during the Track Record Period and up to the Latest Practicable Date, only three completed projects recorded losses, the aggregate amount of which amounted to approximately HK\$0.1 million. The aggregate contract sum of these three projects amounted to approximately HK\$2.6 million. The reasons for these loss-making projects were a result of relevant quotation being given at a price close to the estimated cost which could not fully compensate the direct staff costs incurred. We did not experience any cost overrun for our projects on hand as at the Latest Practicable Date.

LICENSES AND PERMITS

DCB is registered with the Building Authority as a minor works contractor and details of such licence is as follows:

Authority	Registered company	Types	Authorised signatories for types A, D, F and G	Classes	Registration number	Date of issue	Date of expiration <i>(Note)</i>
Building Authority	DCB Company Limited	A - Alteration and Addition D - Drainage F - Finishes work G - Demolition	Mr. Dennis Cheng Mr. Cheung Kim Man Mr. Lam Tin Chi	II & III	MWC3473/2011	10 December 2015	1 November 2018

Note: Our Group will apply for the renewal of the license in accordance within the specified periods allowed by the Buildings Authority, being not more than four months and not less than 28 days prior to the expiry date. As advised by our Hong Kong Legal Adviser, our Directors do not believe there is any legal impediment to renew the minor works license.

As advised by our Hong Kong Legal Advisers, the principal regulatory regime in Hong Kong regulates the parties that carry out the fitting-out and renovation works rather than the management and oversight of the fitting-out and renovation works. As such, the principal parties that need to be licensed or hold the requisite licenses, permits or approvals are our sub-contractors which employ the skilled workers and carry out all on-site labour fitting-out and renovation implementation works. Please refer to the section headed “Business — Suppliers — Sub-contractors” in this prospectus for information on the licenses our sub-contractors are required to hold before commencing work. During the Track Record Period, there were four occasions where our sub-contractors relied on our valid minor works contractor license to perform their works. As advised by our Hong Kong Legal Advisers, such arrangement is legal under Hong Kong laws and the potential consequences of such arrangement is that we would be liable for any works carried out by the sub-contractor. Our Group is not required to apply for any additional licenses for its expansion plans.

SUPPLIERS

Our suppliers are broadly categorised as (i) sub-contractors and (ii) material suppliers. Sub-contractors are typically parties that provide installation or other technical services, such as electricians, metal workers, plumbers and carpenters and other skilled craftsmen. Our sub-contractors sometimes also supply materials during the course of delivery of their services. Material suppliers do not provide any installation or technical services and only supply materials directly sourced by us.

All of our suppliers are Independent Third Parties. Further, sub-contractors are neither our employees nor agents, and we are not a party to the employment arrangement between our sub-contractors and their employees. Details on the risks relating to our sub-contractors and material suppliers is set out in the section headed “Risk Factors” in this prospectus.

Sub-contractors

Our sub-contractors provide services that include stone and marble works, woodworks, steel and metal works, painting works, sanitary fittings and wares, electrical works, plumbing and drainage installation work as well as other associated works. Whilst we offer fitting-out and renovation services to our customers, our employees are not directly engaged in the provision of any on-site labour implementation works and such works are outsourced to our sub-contractors. Our Directors believe that it is common market practice for fitting-out and renovation services companies to engage sub-contractors to perform all on-site labour intensive or skilled works as it allows for a low fixed cost overhead and allows us to more effectively manage our projects by relying on others’ established expertise and skill set on a project basis.

As at the Latest Practicable Date, we had a pool of over 200 sub-contractors from which we may choose to carry out various types of works requiring specific skill sets. Many of our sub-contractors have worked with us for over five years and have established a solid and good working relationship with us and this helps facilitate communication with them to ensure quality and timely performance of their works. In deciding whether a new sub-contractor is allowed on our approved list of sub-contractors, we may inspect their previous completed works, consider their pricing, competitiveness and efficiency as well as check within the fitting-out and renovation industry on their credit-worthiness. As part of on-going quality control, we will regularly evaluate the performance of our sub-contractors. Unless our customers require us to select their nominated sub-contractors, we will select sub-contractors from our approved list of sub-contractors.

Arrangements with sub-contractors

We do not enter into any long term service contracts with our sub-contractors and we will engage them on a project-by-project basis. Prior to submitting any tender for a project, we will consult with our sub-contractors to obtain quotation for their services which will typically be irrevocable for an agreed period of time and which typically is line with our tender. We will prepare our tender based on these quotations and if our tender is successful, we will in turn notify the sub-contractors accordingly and engage the sub-contractor. The terms of agreements with sub-contractors will vary depending on the sub-contractors but contracts entered into with or quotations provided by or work orders provided to the sub-contractors will set out details such as location of the project, scope of services to be provided, specifications and unit prices of materials to be provided (if any), contract amount and deposits paid (if any).

The payment arrangements that we have with our sub-contractors are aligned to the payments that we receive from our customers, which as mentioned above, is on a monthly basis. The interim certificates that we obtain from our customers on a monthly basis is based on the underlying fitting-out and renovation works carried out by our sub-contractors. In general, the interim payment certificate is issued within 14 to 28 days from the date of our payment application. We then present the interim payment certificate to our customers for their payment to us based on the certified amount less any retention money. In general, such payment is paid within 28 days from the date of presentation of the interim payment certificate to our customers. We will verify the performance of our sub-contractors to ensure that their works have been completed in a satisfactory manner before any payment is made to them. Regardless on whether we have received payment from our customer, we will typically proceed to settle our sub-contractors' invoices within 28 days after we have received an invoice from our sub-contractors. In the case of variation orders which final contact amounts are subject to negotiation with our customers, payment to sub-contractors would normally be made when the amounts of variation orders have been certified by our customers. We normally hold up a sum of retention money from each payment to our sub-contractors (typically 5% to 10% of each payment) until 5% of the total contract sum is reached, the first half of which is usually released to the sub-contractor upon the issue of the certificate of practical completion from our customers and the remaining portion is usually released upon the issue of the certificate of making good defects after the expiry of the defect liability period.

Control on sub-contractors

Our project management team is responsible for the day to day on-site management, supervision and control of the fitting-out or renovation works carried out by our sub-contractors. Prior to the commencement of the fitting-out or renovation works, we will meet with our sub-contractors to discuss the details of fitting-out or renovation works that they are responsible for and the work timetable that they are required to follow. For details on our quality control of our sub-contractors, see the section headed "Business — Quality Control" in this prospectus.

BUSINESS

Sub-contractors licenses

As the fitting-out and renovation works is outsourced to sub-contractors, we have been advised by our Hong Kong Legal Advisers that we are not required to be licensed under Hong Kong laws for the coordination and oversight of the fitting-out and renovation works carried out by our sub-contractors. We have been further advised by our Hong Kong Legal Advisers that it is the requirement for our sub-contractors to hold all necessary licences, permits and approvals before undertaking any fitting-out and renovation works. To ensure that our sub-contractors that are required under Hong Kong laws to be licensed, our project management staff are required to check and/or obtain copies of all updated relevant licences from the sub-contractor as well as conduct due diligence through relevant governmental department websites to ensure such licences are valid.

Five largest sub-contractors

Our largest sub-contractor accounted for approximately 9.0%, 14.4% and 10.8% of our total cost of services for the two financial years ended 31 March 2017 and the four months ended 31 July 2017, respectively. Our five largest sub-contractors accounted for approximately 32.6%, 38.2% and 40.3% of our total cost of services for the two financial years ended 31 March 2017 and the four months ended 31 July 2017, respectively.

Set out below is breakdown of our Group's five largest sub-contractors during the Track Record Period:

For the financial year ended 31 March 2016

Rank	Name of sub-contractor	Type of service provided	Approximate years of business relationship	Cost of services (HK\$'000)	% of cost of services
1	Sub-contractor A	Fitting-out and renovation works	2	14,153	9.0
2	Sub-contractor B	Fitting-out and renovation works	5	13,476	8.6
3	Sub-contractor C	Fitting-out and renovation works	5	9,734	6.2
4	Sub-contractor D	Air conditioning work	7	7,514	4.8
5	Sub-contractor E	Electrical work	8	6,297	4.0
			Sub-total	51,174	32.6
			Total cost of services	156,710	

BUSINESS

For the financial year ended 31 March 2017

Rank	Name of sub-contractor	Type of service provided	Approximate years of business relationship	Cost of services (HK\$'000)	% of cost of services
1	Sub-contractor A	Fitting-out and renovation works	2	28,662	14.4
2	Sub-contractor F	Fitting-out and renovation works	2	15,411	7.7
3	Sub-contractor C	Fitting-out and renovation works	5	11,672	5.9
4	Sub-contractor G	Marble and granite work	3	10,609	5.3
5	Sub-contractor D	Air conditioning work	7	9,846	4.9
Sub-total				76,200	38.2
Total cost of services				199,268	

For the four months ended 31 July 2017

Rank	Name of sub-contractor	Type of service provided	Approximate years of business relationship	Cost of services (HK\$'000)	% of cost of services
1	Sub-contractor C	Fitting-out and renovation works	5	7,009	10.8
2	Sub-contractor H	Supply and installation of marble	1	6,280	9.7
3	Sub-contractor F	Fitting-out and renovation works	2	5,428	8.4
4	Sub-contractor A	Fitting-out and renovation works	2	4,034	6.2
5	Sub-contractor I	Fitting-out and renovation works	2	3,355	5.2
Sub-total				26,106	40.3
Total cost of services				64,908	

BUSINESS

None of our Directors, their close associates, or any Shareholders who to the knowledge of our Directors, owned more than 5% of the share capital of our Company as at the Latest Practicable Date had any interest in any of the five largest sub-contractors of our Group during the Track Record Period.

During the Track Record Period, we have not had any material disputes with any of our sub-contractors.

Material suppliers

As part of the fitting-out and renovation process, we may be required to source and purchase various fitting-out and renovation materials and decorations from our material suppliers. Some of these material suppliers have supplied a variety of materials to us since we commenced our business in 2008. We will typically be required to pay for all material costs before receiving payment from our customers as most fitting-out or renovation contracts typically stipulate that payments for materials can only be claimed from our customers after materials have arrived on site. Materials that may be required to be sourced include those specified in the tender documents as well as glass, tiles, hardware, sanitary ware, wallpaper and marble. The materials sourced will then be provided to our sub-contractors for installation.

During the Track Record Period, we purchased materials from over 190 material suppliers. Our Directors are not aware that any of the wood materials used for flooring and paneling supplied to our Group is from illegal sources. During the Track Record Period, we sourced decorations and fit out materials locally or overseas.

Unless a certain material is supplied by a sole distributor or agent or a particular material supplier is designated by our customer, we do not rely on any particular material supplier and will source for materials within our predetermined budget. As such, our Directors believe that we do not depend on any of our material suppliers as we have a number of alternative materials suppliers for all major materials.

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

Arrangement with material suppliers

We do not enter into any long term supply contracts with our material suppliers and we purchase relevant materials from them on project-by-project basis. When procuring materials from our material suppliers, the terms for payment may differ depending on the terms requested by the material supplier. Typically when an order is confirmed, a quotation or invoice will be issued and will typically contain details and terms such as type of material, quantities, price, payment terms and delivery address and date. Material suppliers do not typically give credit terms and will typically require a deposit of up to 50% of the total invoice to be paid and the balance to be paid upon or prior to delivery of the materials.

BUSINESS

Control on material quality

At the time of procuring materials, we will specify to the material suppliers the exact specifications of materials that we need to procure. Depending on the type of materials being procured the requirements will differ but will typically specify the type of material, colour, dimensions, amount and cost. As most material suppliers do not hold a large volume of stock on hand, we will also specify the date that the materials are expected to be ready for delivery to the site. If required, we may also submit samples to our customers for approval before confirming orders for materials. At the time of delivery to the site, our on-site supervisor will inspect the materials against delivery note to ensure that the materials correctly corresponds to our order and that there is no damage to the materials. Any materials that do not meet our requirements will not be accepted and we will immediately notify the materials supplier. During the Track Record Period, we have not had any major incidents where we have rejected materials due to incorrect delivery of materials, quality problem or significant damage to the materials supplied.

Five largest material suppliers

Our largest material supplier accounted for approximately 4.6%, 1.1% and 1.6% of our total cost of services for the two financial years ended 31 March 2017 and the four months ended 31 July 2017, respectively. Our five largest suppliers accounted for approximately 10.1%, 3.8% and 5.8% of our total cost of services for the two financial years ended 31 March 2017 and the four months ended 31 July 2017, respectively.

Set out below is a breakdown of our Group's five largest material suppliers during the Track Record Period:

For the financial year ended 31 March 2016

Rank	Name of material supplier	Material provided	Approximate years of business relationship	Cost of services (HK\$'000)	% of cost of services
1	Material supplier A	Marble	4	7,247	4.6
2	Material supplier B	Furniture	2	3,066	2.0
3	Material supplier C	Sanitary ware/tiles	7	1,991	1.3
4	Material supplier D	Marble	6	1,745	1.1
5	Material supplier E	Ceiling	5	1,685	1.1
			Sub-total	15,734	10.1
			Total cost of services	156,710	

BUSINESS

For the financial year ended 31 March 2017

Rank	Name of material supplier	Material provided	Approximate years of business relationship	Cost of services (HK\$'000)	% of cost of services
1	Material supplier F	Wall paper/fabric	9	2,228	1.1
2	Material supplier G	Hardware/sanitary ware	1	1,977	1.0
3	Material supplier H	Hardware/sanitary ware	8	1,242	0.6
4	Material supplier I	Panel	1	1,095	0.6
5	Material supplier C	Sanitary ware/tiles	7	1,021	0.5
Sub-total				7,563	3.8
Total cost of services				199,268	

For the four months ended 31 July 2017

Rank	Name of material supplier	Material provided	Approximate years of business relationship	Cost of services (HK\$'000)	% of cost of services
1	Material supplier J	Underfloor heating system	1	1,044	1.6
2	Material supplier C	Sanitary ware/tiles	7	922	1.4
3	Material supplier H	Hardware/sanitary ware	8	751	1.2
4	Material supplier K	Switch/door communication system	2	557	0.9
5	Material supplier F	Wallpaper/fabric	9	459	0.7
Sub-total				3,733	5.8
Total cost of services				64,908	

None of our Directors, their close associates, or any Shareholders who, to the knowledge of our Directors, owned more than 5% of the share capital of our Company as at the Latest Practicable Date had any interest in any of our five largest material suppliers during the Track Record Period.

During the Track Record Period, we have not had any major disputes with any of our material suppliers.

BUSINESS

SALES AND MARKETING

Our Group's sales and marketing activities are conducted by our sales and marketing team led by Mr. Dennis Cheng, our executive Director, and two project directors, namely, Mr. Cheung Kim Man and Mr. Lam Tin Chi. We regularly keep in contact with our customers to maintain business relationships and also to obtain information on potential upcoming projects. In addition, we will also rely on introductions/referrals made by past customers or their officers for new projects.

For the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 and after the Track Record Period and up to the Latest Practicable Date, our Group was invited to submit tenders for 52, 58, 21 and 23 projects, respectively. However, due to various reasons such as insufficient staffing capacity and limited internal financial resources, we only submitted 49, 56 and 19 tenders for the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. After the Track Record Period and up to the Latest Practicable Date, we had declined one invitation to tender.

	For the two financial years ended 31 March		From 1 April 2017 to 31 July 2017	From 1 August 2017 to Latest Practicable Date
	2016	2017		
Invitations received	52	58	21	23
Invitation to tender declined	3	2	2	1
i) as a result of insufficient staffing capacity	2	2	2	1
ii) as a result of limited internal financial resources	1	nil	nil	nil
Tenders submitted	49	56	19	22
Total value of contracts tendered (approximately)	HK\$1,232 million	HK\$1,401 million	HK\$534.0 million	HK\$392.6 million
Number of successful tenders	7	10	2	nil
Success rate in terms of number of tenders	14.3%	17.9%	10.5%	nil
Successful tenders in terms of total value of contracts tendered (approximately)	HK\$166.3 million	HK\$403.2 million	HK\$55.9 million	nil
Success rate in terms of contract value	13.5%	28.8%	10.5%	nil

Note: Tender success rate is calculated at the number or contract value tendered of successful tenders submitted by our Group during a financial year/period, divided by the total number or contract value tendered of successful and unsuccessful tenders submitted by our Group during the respective financial year/period. Out of the 56 tenders submitted during the financial year ended 31 March 2017, four projects were awarded to us, with a total awarded contract value of approximately HK\$175.1 million, after the financial year ended 31 March 2017. Out of the 19 tenders submitted during the four months ended 31 July 2017, two projects were awarded to us, with a total awarded contract value of approximately HK\$60.8 million, after the Track Record Period.

HEDGING

During the Track Record Period, we did not enter into any hedging activities against material cost or foreign currencies. Given the nature of our operations, we do not require to hold stock and that the materials used in the projects is commonly available or specified by our customers, there is no need for our operations to hedge against any fluctuations in material costs.

SEASONALITY

Our Directors consider that neither our business nor our revenue was subject to any material seasonality during the Track Record Period.

INVENTORY CONTROL

Our Group does not hold any inventory to be used for future projects. Fitting-out and renovation materials specified by our customers are purchased and used on a project-by-project basis.

QUALITY CONTROL

Providing quality services and materials as part of our fitting-out and renovation services for our customers is critical to our Group's operations and our success. To ensure such quality of service and materials, we have implemented the following procedures:

1. **Project management:** for each project, we will form a project management team to oversee a project from commencement to completion. A typical project manager will have more than four years of fitting-out and renovation experience and is responsible for the overall project management and more importantly ensuring that the fitting-out and renovation works are completed within the specified project timing. Our members of the project management team will be the primary contact with sub-contractors and materials suppliers to ensure that the sub-contracting services and materials supplied meet the tender requirements. Any issues with a project will be brought to the attention of our senior management.
2. **Sub-contractors:** we maintain a list of sub-contractors that we have worked with since our establishment. Based on our past experience with our sub-contractors, we believe that all of the sub-contractors maintained on our list of sub-contractors have the technical knowledge, experience and understanding to complete the fitting-out and renovation works to our customer's satisfaction. To ensure that all of our sub-contractors are properly licensed, prior to the engagement of a sub-contractor we will ensure it holds all necessary licenses (if required). To ensure that the work done by sub-contractors are in compliance with works, safety, environmental and other relevant laws and regulations, our on-site coordinator/on-site supervisor will be available and present on-site daily for the projects for which they have been allocated to regularly review the status of works and completed works.

3. Material suppliers: we maintain a list and record of material suppliers that we have successfully sourced materials that complied with our customers' requirements. According to our Group's policy on material suppliers, we are required to record issues that relate to any particular material supplier. If there is any material issues with a material supplier during its provision of materials, the project manager will be informed and responsible staff will liaise with the material supplier to resolve any issues that arise. If the material supplier is unable to supply our ordered materials to an extent that it affects a project's timetable, we will not consider purchasing from such materials supplier in the future.

4. Fitting-out and renovation materials: fitting-out and renovation contracts will typically require us to liaise with material suppliers and source fitting-out and renovation materials (decorative and construction materials) specified in the tender package. A typical tender will specify in detail the material requirements (i.e. specifications and model numbers). To ensure the quality of the materials procured, our onsite staff will conduct an inspection of all materials against the delivery note upon delivery. Fitting-out and renovation materials that do not meet the standards or specifications as set out in the tender will be rejected. For materials that are supplied by sub-contractors as part of their engagement, before they commence work, our on-site supervisor will also conduct checks to ensure they match the quality and quantity ordered. If the materials delivered do not match the quality and quantities ordered, the materials will be returned and our onsite staff will notify our management who will in turn arrange to resolve the matter with the sub-contractor.

OCCUPATIONAL HEALTH AND SAFETY

Our Group understands that the construction industry is an accident prone industry and to a lesser extent fitting-out and renovation works. As such, our Group and our Directors are committed to providing a safe working environment to our employees, especially our staff that are on-site.

Safety management system

We have established safety procedures for our staff and sub-contractors where potential risks are identified and measures such as training and awareness programs are implemented to reduce risk to health and safety.

Specific workplace safety rules and procedures and safety training

We have implemented the following specific workplace safety procedures:

- A safety supervisor shall carry out safety site inspections on a daily basis and fill out the weekly inspection reports to be discussed with the project manager.

- The safety supervisor for each project shall carry out regular safety inspections of the workplace to identify potential hazards and unsafe practices. A safety diary shall be kept to record all relevant matters concerning safety.
- Safety equipment (such as helmets, belts, eyewear) should be regularly inspected by the safety supervisor to ensure that they are in good condition.
- Our project management team is required to ensure that all of our staff and suppliers who are onsite are to use personal protective equipment whilst on-site.

Procedure for handling employee injuries and accidents at work

In the case an accident on-site, the injured person shall immediately report to one of our staff on-site as well as his/her direct employer. We are to also inform the architect of the case on the same day. Safety supervisor shall carry out, among other things, investigation of the accident and prepare a comprehensive investigation report consisting of a summary, circumstances, conclusion and recommendations to prevent recurrences. The comprehensive investigation report shall be completed within seven days of the accident and forwarded to the project manager for reference and follow-up action. Project manager shall set up measures on preventing any recurrences according to the recommendations stated in the investigation report. Safety supervisor shall monitor the implementation of the preventive measures and report the status to the project manager. A prescribed report Form 2 (according to the requirements of the Employees' Compensation Ordinance) shall be submitted to the Labour Department within 14 days after the accident. In the event that a person sustains a serious injury or becomes a fatality in an accident, the project manager shall immediately report the case to the nearest Police Station, the Labour Department, the architect (if any), the employer and our head office. Our Directors are not aware of any material work-related accidents and injuries from employees of our Group and our sub-contractors, who participated in our projects during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, we had three accidents at our work sites and none of these accidents involved fatalities. All of the above cases involved claims from the workers of our sub-contractors to the main contractors or property developers directly and we rendered liaison support in such cases. Our Directors confirm that all these accidents are not serious in nature. To prevent future occurrence of similar accidents, we implemented further safety control measures, such as constantly emphasising, reminding and monitoring workers to wear safety equipment and arranging our site representatives to inspect the workplace on a more frequent basis. After the Track Record Period and up to the Latest Practicable Date, we had five accidents at our work sites and none of these accidents involved fatalities. Four of the above accidents involved claims from the workers of our sub-contractors under our employment compensation insurance and one of the above accidents involved claim from the worker of our sub-contractor to the property developer directly and we rendered liaison support in such case.

ENVIRONMENTAL COMPLIANCE

Our Directors understand that the fitting-out and renovation industry may have an inevitable impact on the environment as our services may indirectly generate waste and especially for renovation works which need to alter existing building materials so that projects coordinated by us can be implemented. This may involve the disposal of construction waste which must be disposed at a designated waste disposal facility. For projects where our Group is the main contractor, disposals of waste are outsourced by us to Independent Third Parties and the costs involved are factored into the proposal given by us to our customers during the initial stage of the tender/contract. For projects where we are not the main contractor, the main contractor will notify us where waste is to be disposed.

Further, our Group has adopted various practical solutions as suggested by the Environmental Protection Department of Hong Kong to tackle the typical environmental concerns we encounter from our fitting-out and renovation works in relation to air pollution, noise control and waste and water control.

The amount of expenses incurred by our Group in relation to environmental compliance for the two financial years ended 31 March 2017 and the four months ended 31 July 2017 was approximately HK\$3.6 million, HK\$2.7 million and HK\$1.0 million, respectively, in relation to the compliance with applicable environmental requirements. Such costs are not directly borne by our Group but incurred as part of the subcontracting fees we pay to our sub-contractors or may be borne by the main contractors. Our Group's annual cost of compliance going forward will be dependent on the scale of fitting-out and renovation projects undertaken on by our Group.

INSURANCE

We maintain various insurance policies, such as employees' compensation insurance, public liability insurance, property insurance and medical insurance. In line with industry practice in Hong Kong, for our fitting-out and renovation projects, we may be required to purchase additional employees' compensation insurance and contractor's all risks insurance for our fitting-out and renovation projects. The insurance policy generally covers the entire contract period, including the defect liability period following completion of the project.

Employees' compensation insurance

Pursuant to Section 40 of the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), all employers are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and common law for injuries at work in respect of all their employees (including full-time and part-time employees). Our Group has taken out insurance policies for our general staff in accordance with such requirement. For certain projects, we were required to take out additional employees' compensation insurance to cover our liabilities.

BUSINESS

As at the Latest Practicable Date, the employees' compensation insurance policy maintained by our Group provide for a maximum limit of liability of up to HK\$100 million per event.

Public liability insurance

We have purchased public liability insurance to cover claims in connection with personal injuries or damage to property due to accidents at our premises or from negligence in connection with our business operations.

Contractors' all risk insurance

For certain projects undertaken by us as main contractor, we are/may be required to procure contractors' all risk insurance policies specifically for that project. Contractors' all risk insurance in general covers (a) liability arising from potential bodily injury to third parties or death as a result of the performance of our contract works undertaken by us or by our sub-contractors at the construction site; and (b) liability arising from damage to third parties' properties as a result of the performance of our contract works undertaken by us or by our sub-contractors at the construction site.

During the Track Record Period and up to the Latest Practicable Date, we have not made any material insurance claims in respect of the abovementioned insurance policies.

For the two financial years ended 31 March 2017 and the four months ended 31 July 2017, the total amount paid for insurance premiums for the abovementioned insurances were approximately HK\$1.9 million, HK\$0.7 million and HK\$0.7 million, respectively.

Our Directors consider that our existing insurance coverage is adequate and consistent with prevailing industry practice having regard to our Group's current operations.

EMPLOYEES

As at 31 March 2016, 31 March 2017, 31 July 2017 and as at the Latest Practicable Date, our Group had a total of 32, 44, 50 and 61 employees, respectively. All of our Group's employees are located in Hong Kong.

BUSINESS

Number of employees by function

Set out below is the number of employees by function as at the Latest Practicable Date:

Function	No. of employees
Management	3
Marketing, project management and execution	41
Procurement and sourcing	2
Quantity surveying	6
Accounting and finance	5
Administration and human resources	4
Total	61

Our Group's employees at all levels is an essential factor to our Group's success during the Track Record Period and an essential element to our Group's future business development.

To enable us to retain loyalty with our employees, we offer competitive salaries to our staff and incentives in addition to the basic salaries. We intend to use our best effort to recruit and retain appropriate and suitable personnel to serve our Group. Annually, we also arrange for company holiday for our staff who have been in our Group's employment for more than three years. Following the Listing and in light of the Share Option Scheme, we will be able to offer an equity based incentive program to our employees that more directly correlates to their performance in our Group's business. We will assess our human resources periodically and will determine whether additional manpower is required to cope with our business development. We recruit employees primarily from the open market and internal reference and advertise openings through advertisements in newspapers and online. During the Track Record Period, we have not paid any referral fees to recruitment agencies.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material dispute with our employees or disruption to our operations due to labour dispute and we have not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel. During the Track Record Period and up to the Latest Practicable Date, there was no labour union established by our Group's employees.

BUSINESS

PROPERTIES

As at the Latest Practicable Date, our Group did not own any property and we leased a commercial property from an Independent Third Party and is used by our Group for office purpose. The following table is a summary of the leased office property:

Address	Usage	Approximate area (sq. ft.)	Lease period	Option to renew
22G, COS Centre 56 Tsun Yip Street Kwun Tong, Kowloon Hong Kong	Office	1,715	1 May 2017 – 30 April 2018	One year

As at the Latest Practicable Date, our Group also leased two residential properties in Hong Kong from the Independent Third Parties and which are used by our Group as staff quarters. The following table is a summary of the leased residential properties:

Address	Used by	Approximate gross area (sq. ft.)	Lease period
Flat A, 1st Floor Block 7 Beverly Villas 16 La Salle Road Kowloon Tong, Kowloon, Hong Kong and Car parking space no. 252	Mr. Dennis Cheng and Ms. Liu	1,742	1 September 2016 – 31 August 2018
Flat LB on 67th Floor of Tower 6 Le Prime of Le Prestige of Lohas Park No. 1 Lohas Park Road Tseung Kwan O, New Territories Hong Kong	Mr. Cheng Tsang Hin ("Mr. Richard Cheng", one of our senior management)	1,069	6 July 2014 – 5 July 2018

For each of the two financial years ended 31 March 2017 and for months ended 31 July 2017, our expenses for property rental and rate and building management fees were approximately HK\$1.5 million, HK\$1.5 million and HK\$0.5 million, respectively.

During the Track Record Period, we did not experience any difficulty in renewing our leases or finding locations to lease as our office and as at the Latest Practicable Date, we had not received any indication from the landlord that they may not renew our lease or that there will be substantial increase in rental fees which are not in line with market rates when the lease is subject to renewal.

INTELLECTUAL PROPERTY RIGHTS

Our Directors believe that our Group's fitting-out and renovation business, past performance and future growth is not dependent on brand recognition of our Group but more reliant on the quality of works that we can provide. As such, our Group has not registered any trademarks.

Details of our domain registration are set out in the section headed "Further Information about the Business of Our Group — 8. Intellectual property" in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the infringement of any intellectual property rights of third parties.

RESEARCH AND DEVELOPMENT

Our Group's nature of business does not require the carrying out of any research and development.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there have not been any material non-compliance incidents relating to our Group's operations.

LITIGATIONS AND CLAIMS

During the Track Record Period and as at the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group.

RISK MANAGEMENT AND INTERNAL CONTROL

In preparation for the Listing, we engaged an independent internal control consultant on 1 March 2017 to perform an assessment of internal controls over certain business processes of our Group, to identify deficiencies in our internal control system and to provide recommendations on enhanced internal control measures to be adopted by us to assist our Group in preventing future violations and ensuring on-going compliance with applicable laws and regulations. The work scope of our internal control consultant covers reviewing and assessing the following aspects of our operations:

- Corporate controls;
- Financial reporting and disclosure controls;
- Project tendering and management;
- Revenue management;

BUSINESS

- Expenditure management;
- Cash and treasury management;
- Human resources and payroll management;
- Fixed assets management;
- Information technology general controls; and
- Taxes.

In addition to the internal control measures we adopted as mentioned above, during the reviews conducted by our independent internal control consultant, certain other matters were identified and we have adopted corresponding internal control measures to improve on these matters.

We had implemented the relevant internal control measures based on the recommendations made by the independent internal control consultant and improved our internal control system to comply with the GEM Listing Rules and the applicable laws and regulations. In June 2017, our independent internal control consultant performed a follow-up review and no material internal control deficiencies were noted upon closing assessment.

For the purposes of controlling and managing certain business and financial risks of our Group, we have implemented, among others, the following policies and measures:

- to further assist our Board, our Group will establish three committees, namely, the remuneration committee, the nomination committee and the audit committee. The remuneration committee makes recommendations to our Directors on the policy and structure for all remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration. The nomination committee will assist our Board to make recommendation for replacements to our Board. The audit committee will, among other things, review the internal control system and procedures for compliance with the requirements of applicable laws, rules and regulations;
- to perform ongoing monitoring of our operating activities, we will engage an internal auditor to carry out annual internal reviews;
- to prevent, avoid and identify any fraudulent practices in our Group, we have established and implemented, among other things, an anti-fraud policy which will evaluate and develop anti-fraud processes and set up a whistle-blower policy;

BUSINESS

- to prevent corruption and bribery activities, we have set out in our staff handbook rules and guidelines relating to potential corruption and bribery, required our staff to declare any potential conflict of interests and adopted a an approval procedure whereby sourcing sub-contractors and material suppliers and approval of these contracts is segregated;
- to ensure that we are in compliance with Competition Ordinance, we have adopted a policy that no tender information is to be released to other competitors and that tenders are to be made with reference to past;
- to ensure compliance with the GEM Listing Rules, we have appointed Halcyon Capital Limited as our compliance adviser to advise our Group and have arranged for our legal advisers as to Hong Kong laws to provide training to our Directors on the responsibilities and liabilities of directors after the Listing; and
- to prevent and avoid any leakage of price sensitive or inside information after the Listing, we have established a formal communication policy and framework which includes, among other things, classification of information, disclosure of information channels and proper dissemination of information.

Our Directors confirm that no material failure occurred and we believe that our internal control and risk management system were sufficient and effective during the Track Record Period.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The Board currently consists of six Directors comprising three executive Directors and three independent non-executive Directors. The following table sets forth the information concerning our Directors and senior management:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
<u>Executive Directors</u>						
Mr. Dick Cheng (鄭曾偉)	61	Executive Director, chairman of the Board and chairman of nomination committee	8 March 2017	16 June 2008	Responsible for overall corporate strategies	Brother of Mr. Dennis Cheng and Mr. Richard Cheng, brother-in-law of Ms. Liu and uncle of Mr. Cheng Pok Man Boris (“Mr. Boris Cheng”)
Mr. Dennis Cheng (鄭曾富)	59	Executive Director and chief executive officer	8 March 2017	16 June 2008	Responsible for day-to-day management, business development and overseeing the operations of our Group	Brother of Mr. Dick Cheng and Mr. Richard Cheng, spouse of Ms. Liu and father of Mr. Boris Cheng
Ms. Liu (廖莉莉)	57	Executive Director, compliance officer	8 March 2017	16 June 2008	Responsible for overseeing human resources and administrative matters of our Group and member of remuneration committee	Spouse of Mr. Dennis Cheng, mother of Mr. Boris Cheng and sister-in-law of Mr. Dick Cheng and Mr. Richard Cheng

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
<u>Independent non-executive Directors</u>						
Mr. Cheung Kwok Keung (張國強)	51	Independent non-executive Director	19 January 2018	19 January 2018	Providing independent advice to our Group, chairman of audit committee, member of remuneration committee and nomination committee	None
Mr. Chak Chi Man (翟志文)	52	Independent non-executive Director	19 January 2018	19 January 2018	Providing independent advice to our Group, chairman of remuneration committee, member of audit committee and nomination committee	None
Mr. Chu Wai Wa Fangus (朱偉華)	50	Independent non-executive Director	19 January 2018	19 January 2018	Providing independent advice to our Group, member of audit committee, remuneration committee and nomination committee	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
<u>Senior management</u>					
Mr. Richard Cheng (鄭曾顯)	71	Financial controller	May 2010	Responsible for the overall financial management of our Group	Brother of Mr. Dick Cheng and Mr. Dennis Cheng, brother-in-law of Ms. Liu and uncle of Mr. Boris Cheng
Mr. Cheung Kim Man (張劍文)	56	Project director	June 2009	Responsible for on-site supervision and monitoring work progress	None
Mr. Lee King Yin (李敬賢)	41	Contract manager	January 2017	Responsible for quantity surveying works of our Group	None
Mr. Boris Cheng (鄭博文)	26	Project co-ordinator	October 2016	Responsible for managing and coordinating with customers and sub-contractors	Son of Mr. Dennis Cheng and Ms. Liu and nephew of Mr. Dick Cheng and Mr. Richard Cheng

Executive Directors

Mr. Dick Cheng (鄭曾偉), aged 61, is one of the founders of our Group and has been a director of DCB since June 2008. He was appointed as a Director on 8 March 2017 and redesignated as an executive Director and appointed as chairman of the Board on 29 May 2017. Mr. Dick Cheng is primarily responsible for the overall corporate strategies of our Group. He is also the chairman of the nomination committee of our Company.

Mr. Dick Cheng has over 26 years of experience in corporate management. From May 1990 to September 1993, Mr. Dick Cheng was employed as a director of Laws International Group Limited (formerly known as Laws Fashion Knitters Limited) a company which carries on the business of garments retail. In June 1993, he was appointed as a director of Vicka Limited, a company engages in the business of garments manufacturing, and had been serving the same position till May 2010.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Dick Cheng was a director of the following companies, which were dissolved (but not due to member's voluntary winding-up) with details as follows:

Name of company	Place of incorporation	Principal business activity immediate before dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
King's Alliance Fashion Company Limited	Hong Kong	Trading	22 September 2000	Deregistration (Note)	Ceased to carry out business
Mega Rich (HK) Limited	Hong Kong	Property holding	14 May 2010	Deregistration (Note)	Ceased to carry out business

Note: Deregistration is the dissolution of a company through an application to the Companies Registrar.

Mr. Dick Cheng confirmed that there is no wrongful act on his part leading to the above dissolution of the companies and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolutions of these companies. Further, Mr. Dick Cheng has confirmed that each of the above companies was solvent at the time of their respective dissolution.

Mr. Dick Cheng has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date. Save as disclosed above, Mr. Dick Cheng does not have any relationship with other Directors and senior management.

Mr. Dennis Cheng (鄭曾富), aged 59, is one of the founders of our Group and has been a director of DCB since June 2008. He was appointed as a Director on 8 March 2017. He was appointed as our chief executive officer and redesignated as an executive Director on 29 May 2017. Mr. Dennis Cheng is primarily responsible for the day-to-day management, business development and overseeing the operations of our Group.

Mr. Dennis Cheng attained the Hong Kong Certificate of Education Examination in July 1978. Mr. Dennis Cheng has over 26 years of experience in the fitting-out and renovation industry. From March 1980 to December 1988 Mr. Dennis Cheng worked as a project manager at J. T. J. Design (International) Limited, a design and contracting services company. He worked as a deputy general manager for Wah Hay Limited, a company engaged in the provision of design and contracting services, starting from 1988. He was subsequently appointed as a director of Sena Limited in September 1991. Prior to joining our Group, he had been serving as a director of Palrina Limited, a contracting firm, from September 1989 to April 2017.

Mr. Dennis Cheng completed a top-up course in Type "C" Minor Works Specific Module, Class I Minor Works Common Module and Type "A" Minor Works Specific Module in October 2011, December 2011 and March 2012, respectively. He is an authorised signatory of DCB on the Register of Minor Works Contractors of the Buildings Department.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Dennis Cheng was a director of the following companies, which were dissolved (but not due to member's voluntary winding-up) with details as follows:

Name of company	Place of incorporation	Principal business activity immediate before dissolution	Date of dissolution	Means of dissolution	Reason of dissolution
Screen Limited	Hong Kong	Investment holding	13 July 2001	Deregistration (Note 1)	Ceased to carry out business
Sena Limited	Hong Kong	Contracting services	16 May 2003	Striking off (Note 2)	Ceased to carry out business
Homyip Limited	Hong Kong	Stationery retail	13 June 2003	Striking off (Note 2)	Ceased to carry out business
China Horn Properties Limited	Hong Kong	Property holding	5 September 2003	Striking off (Note 2)	Ceased to carry out business
ETEX Investment Limited	Hong Kong	Investment holding	5 September 2003	Striking off (Note 2)	Ceased to carry out business
Wing Hong-Wah Hay (China) Limited	Hong Kong	Contracting services	15 July 2005	Deregistration (Note 1)	Ceased to carry out business
J. T. J. Design (International) Limited	Hong Kong	Design and contracting services	13 July 2007	Striking off (Note 2)	Ceased to carry out business
J-Marco Limited	Hong Kong	Furniture retail	16 November 2007	Striking off (Note 2)	Ceased to carry out business
Solid Contracting Services (International) Limited	Hong Kong	Contracting services	8 May 2015	Striking off (Note 2)	Ceased to carry out business

Notes:

- (1) Deregistration is the dissolution of a company through an application to the Companies Registrar.
- (2) Striking off is the statutory power of the Companies Registrar to strike off name of a company not in operation or carrying on business.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Dennis Cheng confirmed that there is no wrongful act on his part leading to the above dissolution of the companies and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolutions of these companies. Further, Mr. Dennis Cheng has confirmed that each of the above companies was solvent at the time of their respective dissolution.

Mr. Dennis Cheng has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date. Save as disclosed above, Mr. Dennis Cheng does not have any relationship with other Directors and senior management.

Ms. Liu (廖莉莉), aged 57, is one of the founders of our Group and has been a director of DCB since June 2008. She was appointed as a Director on 8 March 2017. She was redesignated as an executive Director and appointed as our compliance officer on 29 May 2017. She is mainly responsible for overseeing the human resources and administrative matters of our Group. She is also a member of the remuneration committee of our Company.

Ms. Liu completed a diploma course in Smaller Company Management from The Chinese University of Hong Kong in April 1990. Ms. Liu has over 30 years of experience in administration and human resources management. She was employed by Jenson International Development Limited, a company which carries on the business of trading of computers and commodities, during the period from September 1985 to December 1993, last served as an administrative manager. Prior to joining our Group, she had been serving as a director of Palrina, a contracting firm, from September 1989 to April 2017.

Ms. Liu was a director of the following companies, which were dissolved (but not due to member's voluntary winding-up) with details as follows:

Name of company	Place of incorporation	Principal business activity immediate before dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Victory Element Limited	Hong Kong	Investment holding	11 May 2001	Deregistration (Note)	Ceased to carry out business
Screen Limited	Hong Kong	Investment holding	13 July 2001	Deregistration (Note)	Ceased to carry out business
Mutual Dragons Engineering Limited	Hong Kong	Engineering and manufacturing	13 May 2005	Deregistration (Note)	Ceased to carry out business
Mega Rich (HK) Limited	Hong Kong	Property holding	14 May 2010	Deregistration (Note)	Ceased to carry out business

Note: Deregistration is the dissolution of a company through an application to the Companies Registrar.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Liu confirmed that there is no wrongful act on her part leading to the above dissolution of the companies and she is not aware of any actual or potential claim which has been or will be made against her as a result of the dissolutions of these companies. Further, Ms. Liu has confirmed that each of the above companies was solvent at the time of their respective dissolution.

Ms. Liu has not held any directorship in any listed companies in the last three years immediately preceding the Latest Practicable Date. Save as disclosed above, Ms. Liu does not have any relationship with other Directors and senior management.

Independent non-executive Directors

Mr. Cheung Kwok Keung (張國強) (“Mr. Cheung”), aged 51, has been appointed as an independent non-executive Director of our Company on 19 January 2018. He is the chairman of the audit committee and a member of the remuneration and nomination committee of our Company.

Mr. Cheung obtained a professional diploma in accountancy from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1988. He was admitted as fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) in September 1998 and July 1993, respectively. He has since 1993 been involved in works of audit, accounting and/or financial management. In August 2002, he joined the group of companies which subsequently became subsidiaries of Lee & Man Paper Manufacturing Limited that became listed on the Main Board of the Stock Exchange (stock code: 2314) in September 2003. He has remained with such group, and is currently the chief financial officer and the company secretary of Lee & Man Paper Manufacturing Limited, and is responsible for the internal supervision, management of its financial matters and investor relationship. He has been serving as the company secretary of Lee & Man Chemical Company Limited, a company listed on Main Board of the Stock Exchange (stock code: 746) since August 2016. He has been appointed as an independent non-executive director of China Aoyuan Property Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3883) since January 2011. He was an independent non-executive director of Sheng Yuan Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 851) between May 2009 and April 2014.

Save as disclosed above, Mr. Cheung has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications.

Mr. Chak Chi Man (翟志文) (“Mr. Chak”), aged 52, has been appointed as an independent non-executive Director of our Company on 19 January 2018. He is the chairman of the remuneration committee and member of the audit and nomination committee of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chak obtained a bachelor's degree in social sciences from the University of Hong Kong in November 1987 and a master of science degree in finance from the City University of Hong Kong in December 1996. Mr. Chak has over 25 years of experience in the banking and finance sector in the PRC and Hong Kong. From July 1987 to February 2005, he was employed by Bank of China (Hong Kong) Limited and was responsible for commercial relationship management. From February 2005 to September 2009, he worked at CIAM Group Limited, where his last position was as an investment controller. He served as a non-executive director of FDG Electric Vehicles Limited (formerly known as Jia Sheng Holdings Limited) ("FDG"), a company listed on the Main Board of the Stock Exchange (stock code: 729), from October 2005 to October 2009. He was a licensed representative with MCL Assets Limited (currently known as IAM Legacy Limited) from November 2009 to October 2013. He has been a director of Charterwood Assets Limited, an investment holding company, since November 2009. He has also been a responsible officer of Lapland Securities Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities since April 2017.

Mr. Chak was a director of the following companies, which were dissolved (but not due to member's voluntary winding-up) with details as follows:

Name of company	Place of incorporation	Principal business activity immediately before dissolution	Date of dissolution	Means of dissolution
CNY Biomass Energy Investment Limited <i>(Note 1)</i>	Hong Kong	Investment holding	29 July 2011	Deregistration <i>(Note 3)</i>
Cherry Parks Investment Inc.	Cayman Islands	Investment holding	30 March 2012	Striking off <i>(Note 4)</i>
Charterwood Assets Limited <i>(Note 2)</i>	BVI	Investment holding	1 May 2017	Striking off <i>(Note 4)</i>

Notes:

1. CNY Biomass Energy Investment Limited was dissolved by deregistration voluntarily as a defunct company pursuant to section 291AA of the Predecessor Companies Ordinance.
2. Charterwood Assets Limited was struck off from the BVI Government Register as a result of non-payment of BVI annual licence fees and registered office/agent fees.
3. Deregistration is the dissolution of a company through an application to the Companies Registrar.
4. Striking off is the statutory power of the Companies Registrar to strike of name of a company not in operation or carrying on business.

DIRECTORS AND SENIOR MANAGEMENT

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

Save as disclosed above, Mr. Chak has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications.

Mr. Chu Wai Wa Fangus (朱偉華) (“Mr. Chu”), aged 50, has been appointed as our independent non-executive Director on 19 January 2018. He is also a member of the audit, remuneration and nomination committee of our Company.

Mr. Chu obtained a bachelor of arts degree in accountancy from The City University of Hong Kong (formerly known as the City Polytechnic of Hong Kong) in December 1994 and received a master of science degree in global business from The Chinese University of Hong Kong in October 2005. Mr. Chu has over 20 years of experience in corporate management. In August 1997, Mr. Chu joined Excellent Management Limited, an integrated solutions and software company offering technology and consulting services to travel companies in Hong Kong and Asia-Pacific region and has been serving as its director ever since. He is mainly responsible for financial and accounting matters. Mr. Chu had been an independent non-executive director of Century Sunshine Group Holdings Limited (stock code: 509) (formerly known as Century Sunshine Ecological Technology Holdings Limited) from July 2008 to July 2010 and Hao Tian International Construction Investment Group Limited (stock code: 1341) (formerly known as Clear Lift Holdings Limited from October 2015 to March 2017) and China Candy Holdings Limited (stock code: 8182) from November 2015 to July 2017, all of which are companies listed on the Stock Exchange. Mr. Chu is currently an independent non-executive director of Alpha Era International Holdings Limited (stock code: 8406), a company listed on the GEM.

He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate of the Chartered Association of Certified Accountants.

Save as disclosed above, Mr. Chu has not held any directorship in listed public companies in the last three years and does not have any other major appointments and qualifications.

SENIOR MANAGEMENT

Our senior management comprises the following persons:

Mr. Richard Cheng (鄭曾顯), aged 71, joined our Group in May 2010 as the financial controller.

Mr. Richard Cheng obtained his diploma in accounting from Hong Kong Baptist College in December 1974. Since July 1982 till present, he has been serving as a director of Libercon Industries Limited, a company which engages in the trading of toys, sundry goods and kitchenware. He was also the financial controller of Libercon Industries Limited between July 1982 to March 2010.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, Mr. Richard Cheng does not have any relationship with other Directors and senior management.

Mr. Cheung Kim Man (張劍文) (“Mr. Man Cheung”), aged 56, is a project director and joined our Group in June 2009.

Mr. Man Cheung was awarded a certificate in foundation design by the Hong Kong Polytechnic in 1987. Subsequently, Mr. Man Cheung completed a top-up course in Class I Minor Works Common Module, Type “A” Minor Works Specific Module and Type “C” Minor Works Specific Module conducted by Industrial Centre, The Hong Kong Polytechnic University in May 2012. Mr. Man Cheung has over 25 years of experience in interior design and project management. After gaining some experience in design work, he worked between October 1991 and September 1994 at Simon Jackson & Associates Limited in the capacity of a senior interior designer. Subsequently, he was employed by RDL Asia Limited and Plyco Limited, handling design work. Since June 2009, Mr. Man Cheung has been with our group as a senior project manager/project director responsible for project management of our Group's fitting-out and renovation projects.

Mr. Lee King Yin (李敬賢) (“Mr. Lee”), aged 41, joined our Group as a contract manager in January 2017.

Mr. Lee graduated from The Hong Kong Polytechnic University with a bachelor of science degree in construction economics and management in December 1999. He is currently enrolled in a master of science degree in construction law and dispute resolution, which is expected to complete in 2019. He is a member of The Hong Kong Institute of Surveyors.

Mr. Lee has over 14 years of experience in quantity surveying and project management. He started his career as a project coordinator at B.F. Construction Company Limited in July 1999 and held the same position until September 2002. He later worked in the quantity surveying field for various companies between October 2002 and December 2016, including Yan Lee Construction Company Limited, China Resources Construction Company Limited, Faith Harvest Engineering & Contracting Limited, Legend Interiors Limited, Chinachem Group, a leading property developer in Hong Kong and as a sole proprietor at Kingsley Consultancy Company, a company engaged in the provision of quantity surveying services.

Mr. Boris Cheng (鄭博文), aged 26, joined our Group in October 2016 as a project coordinator.

In September 2013, Mr. Boris Cheng received from the University of California, Los Angeles in the United States of America, a bachelor of arts degree majoring in political science. Prior to joining our Group, he was employed by AIA International Limited from January 2015 to September 2016, with his last position as an associate in the agency business development department. He started his career at Hong Kong General Chamber of Commerce as public relations & programs trainee and was later promoted to the position of public relations & programs officer in January 2014.

Save as disclosed above, Mr. Boris Cheng does not have any relationship with other Directors and senior management.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. Au Hok Man Jefferson (歐學文) (“Mr. Au”), aged 37, was appointed as our full-time company secretary and assistant financial controller on 29 May 2017 and is responsible for our Group’s secretarial works.

Mr. Au obtained his honours diploma in accounting from Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) in July 2004. Mr. Au has approximately 12 years of accounting and audit experience. From 2004 to 2008 he worked as an accountant at Union Alpha C.P.A. Limited. From April 2008 to April 2010, he worked as a senior accountant in Chu and Chu. He was employed by Clement C. W. Chan & Co between September 2010 and March 2014 with his last position as an audit supervisor. In August 2014, he joined JWMG CPA Limited (“JWMG”) as a finance manager, where he was responsible for audit and assurance engagement, and was promoted to the position of director in May 2015 and ceased to be an employee of JWMG CPA Limited in May 2017 and only held the office of director at JWMG. Mr. Au has minimum involvement in JWMG.

He has been a member of the Hong Kong Institute of Certified Public Accountants since May 2010.

None of the senior management at present holds, or in the past three years preceding the date of this prospectus held, any other directorships in any public companies the securities of which are listed on any securities markets in Hong Kong or overseas.

Compliance officer

Ms. Liu is the compliance officer of our Company.

NON-COMPETITION

Each of our executive Directors and independent non-executive Directors has confirmed that none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business of our Group.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefit in kind, discretionary bonuses in relation to the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the business operations. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group. After Listing, our Company’s remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

DIRECTORS AND SENIOR MANAGEMENT

OUR GROUP'S RELATIONSHIP WITH STAFF

Our Group recognises the importance of a good relationship with its employees. The remuneration payable to the employees includes salaries and allowances.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group will comply with the revised Corporate Governance Code and the associated GEM Listing Rules.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee pursuant to a resolution of our Director passed on 19 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 as set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of the audit committee are mainly to make recommendations to our Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control and risk management systems of our Company. At present, the audit committee of our Company consists of three members who are Mr. Cheung Kwok Keung, Mr. Chak Chi Man and Mr. Chu Wai Wa Fangus. Mr. Cheung is the chairperson of the audit committee.

Remuneration committee

Our Company established a remuneration committee on 19 January 2018 with 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. The primary duties of the remuneration committee are to make recommendation to our board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review performance based remuneration; and ensure none of our Directors determine their own remuneration. The remuneration committee consists of four members who are Ms. Liu, Mr. Chu Wai Wa Fangus, Mr. Cheung Kwok Keung and Mr. Chak Chi Man. Mr. Chak Chi Man is the chairperson of the remuneration committee.

Nomination committee

Our Company established a nomination committee on 19 January 2018 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for our Directors. The nomination committee consists of four members who are Mr. Dick Cheng, Mr. Chu Wai Wa Fangus, Mr. Cheung Kwok Keung and Mr. Chak Chi Man. Mr. Dick Cheng is the chairperson of the nomination committee.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed Halcyon Capital Limited to be the compliance adviser, who will have access to all relevant records and information relating to our Company that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by our Company, including Share issues and Share repurchases;
- (iii) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate (if any) or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The terms of appointment shall commence on the Listing Date and end 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.

SHARE OPTION SCHEME

We conditionally adopted the Share Option Scheme. Salient terms of the Share Option Scheme are summarised under the section headed “Statutory and General Information — Share Option Scheme — 15. Share Option Scheme” in Appendix IV to this prospectus.

SUCCESSION PLAN OF LEADERSHIP OF THE COMPANY

The Company has established a succession plan (the “**Succession Plan**”) to provide continuity in leadership and to fill vacancies arising in key positions. Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu will meet regularly with the human resources manager to discuss human resources issues including reviewing the Succession Plan. Pursuant to the Succession Plan, there are three potential candidates who are currently the employees of the Group and each with over 10 years of fitting-out or quantity surveying experience, capable of taking on the role of the executive Director in the event that any one of the executive Directors become unable to perform his or her duties or in due course steps down from his or her directorship. In addition, as advised by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, all of them still have important roles to play and have no plan or desire to step down in the next few years.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company 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	Capacity/ Nature of interest	As at the date of the application proof of this prospectus		Immediately after the Share Offer and the Capitalisation Issue (without taking into account the exercise of options to be granted under the Share Option Scheme)	
		<i>Number of Shares</i>	<i>Approximate percentage of shareholding in our Company</i>	<i>Number of Shares⁽¹⁾</i>	<i>Approximate percentage of shareholding in our Company</i>
Mr. Dick Cheng	Interest in controlled corporation ⁽²⁾	92	92.0%	220,800,000 ^(L)	69.0%
Ms. Chow Siu Shan Juliana	Interest of spouse ⁽³⁾	92	92.0%	220,800,000 ^(L)	69.0%
Mr. Dennis Cheng	Interest in controlled corporation ⁽²⁾ / interest of spouse ⁽⁴⁾	92	92.0%	220,800,000 ^(L)	69.0%
Ms. Liu	Interest in controlled corporation ⁽²⁾ / interest of spouse ⁽⁴⁾	92	92.0%	220,800,000 ^(L)	69.0%
Advance Goal	Beneficial owner ⁽²⁾	92	92.0%	220,800,000 ^(L)	69.0%
Madam Cheng	Interest in controlled corporation ⁽⁵⁾	8	8.0%	19,200,000 ^(L)	6.0%
Active Achievor	Beneficial owner ⁽⁵⁾	8	8.0%	19,200,000 ^(L)	6.0%

SUBSTANTIAL SHAREHOLDERS

Notes:

1. The Letter “L” denotes the person’s long position in the relevant Shares.
2. The entire issued share capital of Advance Goal is legally and beneficially owned as to 55.0%, 35.0% and 10.0% by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, respectively. Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu are parties acting in concert. Accordingly, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu altogether are deemed to be interested in the 220,800,000 Shares held by Advance Goal by virtue of the SFO.
3. Ms. Chow Siu Shan Juliana is the spouse of Mr. Dick Cheng. Under the SFO, Ms. Chow Siu Shan Juliana is deemed to be interested in the 220,800,000 Shares owned by Mr. Dick Cheng through Advance Goal.
4. Each of Mr. Dennis Cheng and Ms. Liu is spouse to each other. Therefore, Mr. Dennis Cheng is deemed to be interested in Shares held by Ms. Liu, and vice versa pursuant to the SFO.
5. Active Achievor is wholly-owned by Madam Cheng. Accordingly, Madam Cheng is deemed to be interested in all the Shares held by Active Achievor.

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

UNDERTAKINGS

Each of Advance Goal, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu has given certain undertakings in respect of the Shares held by them to our Company, the Sole Sponsor, the Joint Lead Managers and the Underwriters, details of which are set out under the section headed “Underwriting — Underwriting Arrangements and Expenses — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertakings by our Controlling Shareholders” in this prospectus. Each of the Controlling Shareholders has also given undertakings in respect of the Shares to our Company and the Stock Exchange as required by Rules 13.16A(1) and 13.19 of the GEM Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Share Offer and the Capitalisation Issue, (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), our current Controlling Shareholders will be interested in 220,800,000 Shares, representing 69.0% of our Company's entire issued share capital. Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu (through Advance Goal) will each hold 37.95%, 24.15% and 6.9% respective attributable interest of our Company's share capital and in aggregate control 69.0% of the Shares in issue. As such, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu will continue to remain as the dominating group of Shareholders which would continue to hold a controlling interest in our Company upon completion of the Share Offer and the Capitalisation Issue. Further, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu have confirmed that during the Track Record Period and up to the date of the Listing, they have been and will be acting in concert and voted and will vote in unanimous manner on any resolution in respect of the management, development and operations of our Group's operations. Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu are acting together as a group of Controlling Shareholder.

During the Track Record Period, other than the provision of renovation works to Mr. Dick Cheng, a Controlling Shareholder and the purchase of loose furniture from Studio At 8.0 Company Limited, a company owned by our Controlling Shareholders, our Group did not have any business dealings with the companies associated with or controlled by our Controlling Shareholders and there was no overlapping of business between our Group and our Controlling Shareholders. For details, please refer to note 26 "Related party disclosures" to the Accountants' Report set out in Appendix I to this prospectus.

Our Directors, to the best of their knowledge, information and belief, have confirmed that, none of the Controlling Shareholders, the Substantial Shareholders, our Directors and their respective close associates is interested in any business which competes, or may compete, directly or indirectly, with the business of our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that our Group is capable of carrying on its business independently from our Controlling Shareholders after Listing.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management independence

Our management and operational decisions are made by our Board and senior management team. Our Board comprises three executive Directors and three independent non-executive Directors. The overlapping Directors between our Group and the Controlling Shareholders are Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu. Save for them, none of the other Directors nor do any of members of our senior management team hold(s) any directorships and positions in companies privately owned by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu and their respective close associates. We consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;
- (b) 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 of our Company in respect of such transactions, and shall not be counted in forming quorum subject to the provision of the Articles of Association; and
- (c) save for Mr. Richard Cheng and Mr. Boris Cheng, all of our senior management members are independent from our Controlling Shareholders. Our Group has established our own project management, accounting and finance, administration and human resources, procurement and sourcing and quantity surveying departments which are responsible for daily operations of our Group.

Operational independence

We do not share operation team, facilities and equipment with our Controlling Shareholders and their close associates. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient workforce to operate independently from our Controlling Shareholders and their close associates. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial independence

We have an independent financial system and make financial decisions according to our own business needs. As at the Latest Practicable Date, our Group had certain banking facilities that were secured by guarantees given by our Controlling Shareholders. Such guarantees will be released upon Listing and be replaced by corporate guarantee from our Company. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Share Offer as we expect that our working capital will be funded by our operating income and bank borrowings.

DEED OF NON-COMPETITION

Our Controlling Shareholders (each a “**Covenantor**” and collectively, the “**Covenantors**”) have entered into the Deed of Non-competition in favour of our Company, under which, among others, each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company (for itself and as trustee for each of its subsidiaries) that he/she/it will not, and will procure any Covenantor and his/her/its close associates (each a “**Controlled Person**” and collectively, the “**Controlled Persons**”) and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-competition, shall not include any member of our Group) (the “**Controlled Company**”) not to, except through any member of our Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business carried on or contemplated to be carried on by any member of our Group from time to time or in which any member of our Group is engaged or has invested or is otherwise involved in or which any member of our Group has otherwise publicly announced its intention to enter into, engage in or invest in (whether as principal or agent and whether directly or through any body corporate, partnership, joint venture or other contractual or other arrangement) in any territory that our Group carries on our business from time to time (the “**Restricted Business**”).

The Deed of Non-competition does not apply to the holding of or interests in shares or other securities by any of the Covenantors and/or his/her/its close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a recognised stock exchange as specified under the SFO and either:

- (a) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant consolidated turnover or consolidated assets of the company in question, as shown in the latest audited accounts of the company in question; or

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (b) the total number of the shares held by any of the Covenantors and his/her/its close associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of the company in question, provided that any of the Covenantors and his/her/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantor and his/her/its close associates together hold.

The Deed of Non-competition will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earliest of the date on which (i) such Covenantor, being a Controlling Shareholder, individually or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% or more of the issued Shares, or otherwise ceased to be regarded as a controlling shareholder (as defined under the GEM Listing Rules from time to time) of our Company; or (ii) the Shares cease to be listed and traded on the Stock Exchange or other recognised stock exchange.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial information included in the Accountants' Report, which has been prepared in accordance with HKFRSs, the text of which is set out in Appendix I to this prospectus, and the unaudited pro forma consolidated financial information included in Appendix II to this prospectus, in each case together with the accompanying notes.

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 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 depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section "Risk Factors" of this prospectus.

The following discussion and analysis also contain certain amounts and percentage figures that 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 and all monetary amounts shown are approximate amounts only.

OVERVIEW

Our Group is based in Hong Kong and we are engaged in the provision of fitting-out and renovation services in the private sector in Hong Kong. We provide fitting-out and renovation services for different types of premises in the private sector, including residential apartments and residential dwellings, show flats, clubhouses, sale office, public area in residential and commercial buildings, offices, shopping malls and shops in Hong Kong. During the Track Record Period, our customers comprised (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties. The scope of our works could differ depending on the requirements of our customers and vary project-by-project. We are responsible for overall project management, coordination and implementation by engaging sub-contractors and/or procuring the necessary materials from our material suppliers and providing other input such as controlling the quality aspects of the projects. We may be engaged in the position of a main contractor, sub-contractor or nominated sub-contractor in our projects.

FINANCIAL INFORMATION

For the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our Group generated revenue of approximately HK\$178.2 million, HK\$225.9 million and HK\$72.4 million, respectively. Before taking into account the listing expenses which are non-recurring in nature, our profit before tax for the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 were approximately HK\$14.8 million, HK\$19.0 million and HK\$4.3 million, respectively. After taking into account the listing expenses charged for the financial year ended 31 March 2017 and the four months ended 31 July 2017, respectively, our profit before tax for the years ended 31 March 2016 and 2017 were approximately HK\$14.8 million and HK\$16.6 million, respectively, and our loss before tax for the four months ended 31 July 2017 was approximately HK\$3.7 million.

BASIS OF PRESENTATION

Our financial statements have been prepared in accordance with HKFRS. Upon the completion of the Reorganisation, which is explained in detail under the section headed “History, Reorganisation and Group Structure”, our Company became the holding company of the subsidiaries now comprising our Group. The Reorganisation involved business combination of entities under common control. Accordingly, our financial statements have been prepared on the basis as if our Company has always been the holding company of the companies now comprising our Group throughout the Track Record Period.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the Track Record Period have been prepared to present the results and cash flows of the companies now comprising our Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period. The consolidated statements of financial position of our 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 our Group as if the current group structure upon the completion of the Reorganisation had been in existence at those dates.

Details of the basis of preparation are set out in note 2 to the Accountants’ Report as set out in Appendix I to this prospectus.

FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our Group's results of operations and financial condition during the Track Record Period have been and will continue to be affected by a number of factors, which are set out below:

The nature of project-based business without any long-term contracts and the availability of fitting-out and renovation projects

We do not enter into long term agreements with our customers for the provision of our fitting-out and renovation services and we need to secure our projects on a project-by-project basis and typically through tendering and quotation. If we are not invited by potential customers to submit tenders and quotations, our pricing for our tenders or quotation is not competitive enough or we are not chosen for the project for other reasons, we will not be able to generate new source of revenues and there may be a significant decrease in our revenue which may adversely affect our operation and financial results.

Our Group's business performance is generally affected by the number and availability of fitting-out and renovation projects 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 Hong Kong property market, the general conditions of Hong Kong property market, and the amount of investment in the construction of new developments and improvement of existing buildings. Unfavourable changes in these factors may result in a significant decrease in the number of fitting-out and renovation projects available.

Accuracy in the estimation of costs involved in our projects when providing fee quotes

Most of our contracts with customers have a fixed and pre-determined contract sum to accommodate any fluctuation in costs (unless changes arise from variation orders made by our customers). Our price quotations are based on our estimated costs for each project, which includes subcontracting costs and material costs plus an expected mark-up margin at the time when we submit our tenders or our initial project proposals to our potential customers. Several factors may give rise to cost overruns, including inaccurate estimation of costs, inflation and other unforeseen problems and circumstances. As such, any material deviation in cost estimation involved in a project may adversely affect our profit margin and results of operations.

FINANCIAL INFORMATION

Subcontracting costs

In delivering our fitting-out and renovation service, we rely on our sub-contractors in providing a range of services to complete our projects. Since the fitting-out and renovation business is labour intensive in nature, our sub-contractors will need to maintain a stable supply of skilled workers at a competitive price. In the event of labour shortages, our sub-contractors may face increase in labour costs and may in turn increase the subcontracting costs charged to us due to cost pressure. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in subcontracting charges on our profit before tax during the Track Record Period, assuming all other variables, including our revenue, remained constant. The hypothetical fluctuation rates are set at 5% and 10% with reference to the range of CAGR of approximately 3.3% to 9.9% of the average daily wages for the construction workers from 2012 to 2016 according to the Euromonitor Report, which are considered reasonable for the purpose of this sensitivity analysis:

	Increase/ (decrease) in percentage	Increase/(decrease) in profit (loss) before tax			
		Year ended 31 March		Four months ended 31 July	
		2016	2017	2016	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Subcontracting charges	5%	(5,755.8)	(8,024.5)	(3,120.3)	(2,595.9)
	(5)%	5,755.8	8,024.5	3,120.3	2,595.9
	10%	(11,511.5)	(16,048.9)	(6,240.6)	(5,191.7)
	(10)%	11,511.5	16,048.9	6,240.6	5,191.7

Material costs

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in material costs on our profit before tax during the Track Record Period, assuming all other variables, including our revenue, remained constant. The hypothetical fluctuation rates are set at 3% and 5% with reference to the range of CAGR of approximately 0% to 4.1% of the average wholesale prices of selected building materials from 2012 to 2016 according to the Euromonitor Report, which are considered reasonable for the purpose of this sensitivity analysis:

	Increase/ (decrease) in percentage	Increase/(decrease) in profit (loss) before tax			
		Year ended 31 March		Four months ended 31 July	
		2016	2017	2016	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Material costs	3%	(938.2)	(743.3)	(593.3)	(332.3)
	(3)%	938.2	743.3	593.3	332.3
	5%	(1,563.7)	(1,238.9)	(1,186.5)	(664.6)
	(5)%	1,563.7	1,238.9	1,186.5	664.6

FINANCIAL INFORMATION

Market competition

The competition of fitting-out and renovation industry in Hong Kong is highly intense. We face competition from existing reputable contractors or new comers who may be able to offer services of higher quality at lower prices. Failure to maintain or enhance our competitiveness in the industry may lead to lower profit margin and loss of market share, which may in turn affect our profitability and operating results adversely.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates refer to those accounting policies and estimates that entail significant uncertainty and judgment, and could yield materially different results under different conditions and/or assumptions. The preparation of our consolidated financial information in conformity with the HKFRS requires our management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The methods and approach that we use in determining these items is based on our experience, the nature of our business operations, the relevant rules and regulations and the relevant circumstances. These underlying assumptions and estimates are reviewed regularly as they may have a significant impact on our operational results as reported in our consolidated financial information included elsewhere in this prospectus. Below is a summary of the significant accounting policies and accounting estimates in accordance with HKFRS that we believe are important to the presentation of our consolidated financial information and involve the need to make estimates and judgments about the effect of matters that are inherently uncertain. We also have other policies, judgments, estimates and assumptions that we consider as significant, which are set out in detail in notes 4 and 5 to the Accountants' Report as set out in Appendix I to this prospectus.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. We generally recognise revenue from our projects with reference to the value of work performed based on the percentage of completion, which is measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs.

Our Group recognises contract revenue and profit of a contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of works. Estimated revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the sub-contractors and material suppliers involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

FINANCIAL INFORMATION

For details regarding our accounting policies and estimates relating to revenue recognition, see note 4 “Revenue recognition” and note 5 “Revenue recognition of construction work” to the Accountants’ Report as set out in Appendix I to this prospectus.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, our revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, our revenue is recognised to the extent of contract costs incurred that it is probably 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.

Our Group presents the amounts due from customers for contract work as an asset for projects with value of contract work performed exceeding progress billings. Progress billings not yet paid by customers are included in our trade receivables. Our Group presents the amounts due to customers for contract work as a liability for projects for which progress billings exceeding the value of contract work performed. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received.

For the relevant accounting policy, see note 4 “Construction contracts” to the Accountants’ Report as set out in Appendix I to this prospectus.

Estimated impairment of trade and retention receivables

Management estimates the recoverability of trade and retention receivables based on objective evidence. When there is objective evidence of impairment loss, our Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at 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 compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2016, 31 March 2017 and 31 July 2017, the aggregate carrying amounts of our trade and retention receivables of our Group were approximately HK\$10.7 million, HK\$19.8 million and HK\$18.1 million.

FINANCIAL INFORMATION

Effect on the adoption of HKFRS 15 in respect of revenue recognition

HKFRS 15 *Revenue from Contracts with Customers* will be effective for the annual periods beginning on or after 1 January 2018. 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 respective reporting periods. Our Company will use input method in measuring the percentage of completion upon adoption of HKFRS 15. As part of our business, we may have uninstalled materials. Our Directors expect that our uninstalled materials will not have any material impact on our Group's historical financial information and financial information upon the adoption of HKFRS 15 in the future for the following reasons:

- (i) Our Directors confirm that the timing and the amount of purchases of construction materials are assessed and determined by our project team from time to time with reference to the actual construction progress of each project undertaken by us. We will not purchase or commit to purchase all construction materials expected to be used by us at the beginning of each project, and the amount of purchases will only be confirmed by us as and when required taking into consideration the amount of the construction materials expected to be used, the prevailing market prices and the expected time required for the delivery of the construction materials to the relevant construction sites.
- (ii) Our Directors further confirm that we will not maintain any construction materials as part of our inventories and expect that the amount of uninstalled materials maintained by us from time to time will not have any significant impact on our financial results.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS OF OUR GROUP

Consolidated statements of profit or loss and other comprehensive income

The following table sets forth our consolidated statements of profit or loss and other comprehensive income during the Track Record Period, as extracted from the Accountants' Report of our Group in Appendix I to this prospectus.

	For the financial year ended		For the four months ended	
	31 March		31 July	
	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Revenue	178,205	225,870	88,303	72,391
Cost of services	<u>(156,710)</u>	<u>(199,268)</u>	<u>(78,953)</u>	<u>(64,908)</u>
Gross Profit	21,495	26,602	9,350	7,483
Other income	582	748	342	1
Administrative expenses	(6,156)	(7,492)	(2,182)	(3,135)
Finance costs	(1,087)	(819)	(277)	(65)
Listing expenses	<u>-</u>	<u>(2,456)</u>	<u>-</u>	<u>(8,028)</u>
Profit (loss) before tax	14,834	16,583	7,233	(3,744)
Income tax expense	<u>(2,444)</u>	<u>(3,065)</u>	<u>(1,167)</u>	<u>(583)</u>
Profit (loss) and total comprehensive income (expense) for the year/period	<u><u>12,390</u></u>	<u><u>13,518</u></u>	<u><u>6,066</u></u>	<u><u>(4,327)</u></u>

FINANCIAL INFORMATION

Revenue

During the Track Record Period, we derived our revenue from provision of fitting-out and renovation services to our customers. Our fitting-out works typically refers to works conducted on new buildings, whereas our renovation works typically refers to works carried out on existing buildings that involve upgrades and/or makeovers and/or demolition of existing works and all works that are carried out in typical fitting-out works. We do not focus on a single operating segment and we select our projects on a prudent basis, with an aim to achieve our targeted profitability. We completed a total of ten Major Fitting-out Projects and 17 Major Renovation Projects during the Track Record Period. After the Track Record Period and up to the Latest Practicable Date, we completed two Major Renovation Projects. As at the Latest Practicable Date, our Group had seven Major Fitting-out Projects and five Major Renovation Projects on hand and the aggregate contract sum of projects as at 31 July 2017 and projects (which were awarded to us after the Track Record Period) as at the date of letters of award amounted to approximately HK\$366.6 million. The following table shows our segment revenue by operating segment during the Track Record Period:

	For the financial year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
Fitting-out works	71,731	40.3	148,883	65.9	51,102	57.9	56,061	77.4
Renovation works	106,474	59.7	76,987	34.1	37,201	42.1	16,330	22.6
	<u>178,205</u>	<u>100.0</u>	<u>225,870</u>	<u>100.0</u>	<u>88,303</u>	<u>100.0</u>	<u>72,391</u>	<u>100.0</u>

The revenue of our Group increased from approximately HK\$178.2 million for the financial year ended 31 March 2016 to approximately HK\$225.9 million for the financial year ended 31 March 2017, representing an increase of approximately 26.8%. Such increase was mainly attributable to an increase in revenue from fitting-out works of approximately HK\$77.2 million, or approximately 107.7%, and partially offset by a decrease in revenue from renovation works of approximately HK\$29.5 million, or approximately 27.7% for the financial year ended 31 March 2017.

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The increase in revenue from fitting-out works for the financial year ended 31 March 2017 was mainly driven by the revenue contributed by some of our Major Fitting-out Projects, included the fitting-out works for (i) a house located in Shek O, which contributed revenue of approximately HK\$66.0 million; (ii) bathroom of residential apartments of a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$23.4 million; (iii) residential apartments of a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$22.3 million; and (iv) lift lobby, kitchen, bathroom and utility of residential building located in Ap Lei Chau, which contributed revenue of approximately HK\$17.9 million, for the financial year ended 31 March 2017. The decrease in revenue from renovation works for the financial year ended 31 March 2017 was mainly due to a substantial portion of renovation works for two projects in respect of a private housing estate in Tai Tam was being carried out in the financial year ended 31 March 2016, with an aggregated decrease in revenue by approximately HK\$56.3 million for the financial year ended 31 March 2017.

The revenue of our Group decreased from approximately HK\$88.3 million for the four months ended 31 July 2016 to approximately HK\$72.4 million for the four months ended 31 July 2017, representing a decrease of approximately 18.0%. Such decrease was mainly attributable to a decrease in revenue from renovation works of approximately HK\$20.9 million, or approximately 56.2%, and partially offset by an increase in revenue from fitting-out works of approximately HK\$5.0 million, or approximately 9.8% for the four months ended 31 July 2017.

The increase in revenue from fitting-out works for the four months ended 31 July 2017 was mainly driven by the revenue contributed by some of our Major Fitting-out Projects, included the fitting-out works for (i) a private housing estate located in Pok Fu Lam, which contributed revenue of approximately HK\$21.6 million; (ii) a house located in Shek O, which contributed revenue of approximately HK\$19.3 million; (iii) lobby and club house of a residential building located in Tsuen Wan, which contributed revenue of approximately HK\$4.7 million; and (iv) residential apartments of a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$4.3 million, for the four months ended 31 July 2017. The decrease in revenue from renovation works for the four months ended 31 July 2017 was mainly due to a decrease in revenue by approximately HK\$16.2 million for the renovation works of show flats located in Tsuen Wan, as a greater portion of this project was carried out during the four months ended 31 July 2016 and contributed revenue of approximately HK\$23.7 million for the financial year ended 31 March 2017, while only approximately HK\$1.4 million was recognised during the four months ended 31 July 2017.

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We provide fitting-out and renovation services for different types of premises in the private sector, including residential apartments and residential dwellings, show flats, clubhouses, sale office, public area in residential and commercial buildings, offices, shopping malls and shops in Hong Kong. The following table sets forth a breakdown of our revenue generated from projects classified by residential and non-residential nature during the Track Record Period:

	For the financial year ended 31 March				For the four months ended 31 July			
	2016	% of	2017	% of	2016	% of	2017	% of
	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue
Residential (<i>Note</i>)	157,242	88.2	205,519	91.0	83,210	94.2	68,002	93.9
Non-residential	20,963	11.8	20,351	9.0	5,093	5.8	4,389	6.1
	<u>178,205</u>	<u>100.0</u>	<u>225,870</u>	<u>100.0</u>	<u>88,303</u>	<u>100.0</u>	<u>72,391</u>	<u>100.0</u>

Note: Residential projects included projects for show flats located in residential or non-residential properties.

Our revenue from residential projects increased by approximately 30.7% from approximately HK\$157.2 million for the financial year ended 31 March 2016 to approximately HK\$205.5 million for the financial year ended 31 March 2017. The increase in revenue from residential projects was mainly driven by the revenue contributed by (i) the fitting-out works for a house located in Shek O, which contributed revenue of approximately HK\$66.0 million; (ii) the renovation works for show flats located in Tsuen Wan, which contributed revenue of approximately HK\$23.7 million; (iii) the fitting-out works for bathroom of residential apartments of a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$23.4 million; (iv) the fitting-out works for residential apartments of a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$22.3 million; (v) the fitting-out works for lift lobby, kitchen, bathroom and utility of residential building located in Ap Lei Chau, which contributed revenue of approximately HK\$17.9 million; and (vi) the fitting-out works for a private housing estate located in Pok Fu Lam, which contributed revenue of approximately HK\$10.3 million, for the financial year ended 31 March 2017.

Our revenue from non-residential projects remained stable of approximately HK\$21.0 million and HK\$20.4 million for the financial years ended 31 March 2016 and 2017, respectively.

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Our revenue from residential projects decreased by approximately 18.3% from approximately HK\$83.2 million for the four months ended 31 July 2016 to approximately HK\$68.0 million for the four months ended 31 July 2017. The decrease in revenue from residential projects was mainly due to the decrease in revenue by (i) approximately HK\$16.2 million for the renovation works of show flats located in Tsuen Wan; (ii) approximately HK\$11.5 million for the fitting-out works for lift lobby, kitchen, bathroom and utility of residential building located in Ap Lei Chau; and (iii) approximately HK\$11.4 million for the fitting-out works for bathroom of residential apartments of a private housing estate located in Tuen Mun, as a greater portion of these projects were carried out during the four months ended 31 July 2016. Such decrease in revenue from residential projects during the four months ended 31 July 2017 was partially offset by the increase in revenue recognised from the fitting-out works for a private housing estate located in Pok Fu Lam by approximately HK\$21.0 million, which had a larger amount of works carried out during the four months ended 31 July 2017.

Our revenue from non-residential projects remained stable of approximately HK\$5.1 million and HK\$4.4 million for the four months ended 31 July 2016 and 2017, respectively.

During the Track Record Period, our customers comprised (i) property developers; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties. The table below sets forth our revenue by type of customers during the Track Record Period.

	For the financial year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
	(unaudited)							
Property developer	111,705	62.7	56,655	25.1	32,302	36.6	17,266	23.8
Main contractor or direct contractor	50,141	28.1	83,948	37.2	36,059	40.8	33,726	46.6
Owner or tenant of properties	16,359	9.2	85,267	37.7	19,942	22.6	21,399	29.6
Total	178,205	100.0	225,870	100.0	88,303	100.0	72,391	100.0

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Our revenue from property developers decreased by approximately 49.2% from approximately HK\$111.7 million for the financial year ended 31 March 2016 to approximately HK\$56.7 million for the financial year ended 31 March 2017. The decrease in revenue was mainly due to a substantial portion of the renovation works for two projects in respect of a private housing estate in Tai Tam were carried out in the financial year ended 31 March 2016, which contributed revenue of approximately HK\$44.2 million and approximately HK\$16.9 million, respectively, for the financial year ended 31 March 2016. Our revenue from property developers decreased by approximately 46.4% from approximately HK\$32.3 million for the four months ended 31 July 2016 to approximately HK\$17.3 million for the four months ended 31 July 2017. The decrease in revenue was mainly due to a decrease in revenue by approximately HK\$16.2 million for the renovation works of show flats located in Tsuen Wan, as a greater portion of this project was carried out during the four months ended 31 July 2016 and contributed revenue of approximately HK\$23.7 million for the financial year ended 31 March 2017, while only approximately HK\$1.4 million was recognised during the four months ended 31 July 2017.

Our revenue from main contractors or direct contractors increased by approximately 67.5% from approximately HK\$50.1 million for the financial year ended 31 March 2016 to approximately HK\$83.9 million for the financial year ended 31 March 2017. The increase in revenue was mainly driven by the two projects in respect of the fitting-out works for a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$23.4 million and approximately HK\$22.3 million, respectively, for the financial year ended 31 March 2017. Our revenue from main contractors or direct contractors decreased by approximately 6.6% from approximately HK\$36.1 million for the four months ended 31 July 2016 to approximately HK\$33.7 million for the four months ended 31 July 2017.

Our revenue from owners or tenants of properties increased by approximately 420.1% from approximately HK\$16.4 million for the financial year ended 31 March 2016 to approximately HK\$85.3 million for the financial year ended 31 March 2017. The increase in revenue was mainly driven by the fitting-out works for a house located in Shek O, which contributed revenue of approximately HK\$66.0 million for the financial year ended 31 March 2017. Our revenue from owners or tenants increased by approximately 7.5% from approximately HK\$19.9 million for the four months ended 31 July 2016 to approximately HK\$21.4 million for the four months ended 31 July 2017.

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Cost of services

Cost of services represents costs and expenses directly attributable to our revenue generating activities. Our subcontracting charges accounted for the largest portion of our cost of services. For the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our subcontracting charges accounted for approximately 73.5%, 80.5% and 80.0% of our cost of services, respectively. Our material costs accounted for the second largest portion of our cost of services, amounting to approximately 20.0%, 12.4% and 10.2% of our cost of services for the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. Other cost of services mainly includes direct staff costs and insurance costs. The following table summarizes the breakdown of our cost of services during the Track Record Period:

	For the financial year ended 31 March				For the four months ended 31 July			
	2016		2017		2016		2017	
	HK\$'000	% of total cost of services	HK\$'000	% of total cost of services	HK\$'000	% of total cost of services	HK\$'000	% of total cost of services
					(unaudited)			
Subcontracting charges	115,115	73.5	160,489	80.5	62,406	79.1	51,917	80.0
Material costs	31,274	20.0	24,778	12.4	11,865	15.0	6,646	10.2
Direct staff costs	6,652	4.2	10,462	5.3	2,872	3.6	4,717	7.3
Others	3,669	2.3	3,539	1.8	1,810	2.3	1,628	2.5
	<u>156,710</u>	<u>100.0</u>	<u>199,268</u>	<u>100.0</u>	<u>78,953</u>	<u>100.0</u>	<u>64,908</u>	<u>100.0</u>

The cost of services of our Group increased from approximately HK\$156.7 million for the financial year ended 31 March 2016 to approximately HK\$199.3 million for the financial year ended 31 March 2017, representing an increase of approximately 27.2% and was generally in line with the growth of our revenue for the financial year ended 31 March 2017.

The cost of services of our Group decreased from approximately HK\$79.0 million for the four months ended 31 July 2016 to approximately HK\$64.9 million for the four months ended 31 July 2017, representing a decrease of approximately 17.8% and was in line with the decline of our revenue for the four months ended 31 July 2017.

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Subcontracting charges and material costs

Subcontracting charges represent the fees paid and payable to sub-contractors for site works and cost of materials sourced by them for both fitting-out works and renovation works. We do not employ labour to carry out the fitting-out works and renovation works directly. Our subcontracting fee varies depending on the level of labour work and materials involved in the project.

Material costs represent the purchase of materials used in our projects which are sourced directly by us. The amount and timing of materials to be ordered usually depend on the progress of works and customers' specific requirements of each project and accordingly, we do not maintain inventory for our business.

Since materials can either be procured by our Group or by our sub-contractors depending on our arrangement with sub-contractors and/or customers' requirements, the procurement arrangement of different projects may vary. Therefore, our Directors consider it is normal that the proportion of our subcontracting charges to total cost of services and material costs to total cost of services may vary from time to time. Our subcontracting charges and material costs increased from an aggregate of approximately HK\$146.4 million for the financial year ended 31 March 2016 to an aggregate of approximately HK\$185.3 million for the financial year ended 31 March 2017, representing an increase of approximately 26.6%. Our subcontracting charges and material costs decreased from an aggregate of approximately HK\$74.3 million for the four months ended 31 July 2016 to an aggregate of approximately HK\$58.6 million for the four months ended 31 July 2017, representing a decrease of approximately 21.1%. The aggregate increase/decrease in our subcontracting charges and material costs was generally in line with the trend of our revenue during the Track Record Period.

Direct staff costs and other cost of services

Direct staff costs represent salaries, bonus and retirement contributions provided to our project management staff, quantity surveying staff and procurement and sourcing staff who are directly involved in the provision of our services. Our direct staff costs increased from approximately HK\$6.7 million for the financial year ended 31 March 2016 to approximately HK\$10.5 million for the financial year ended 31 March 2017, representing an increase of approximately 56.7%. Such increase was primarily as a result of the increase in headcount of our project staff to cope with our business expansion, salary increment and increase in discretionary bonus for project staff.

Our direct staff costs increased from approximately HK\$2.9 million for the four months ended 31 July 2016 to HK\$4.7 million for the four months ended 31 July 2017, representing an increase of approximately 62.1%. Such increase was primarily as a result of the increase in headcount of our project staff and salary increment and increase in discretionary bonus for project staff as compared with the corresponding period in 2016.

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Other cost of services mainly represent (i) insurance coverage which we are normally required to maintain as a main contractor and/or sub-contractor, such as contractor's all risks, employee's compensation and third party liability insurance to comply with the applicable laws and regulations and the requirements under the contracts with our customers; and (ii) other expenses directly attributable to our revenue generating activities such as bank charges for surety bonds, site expenses, tool costs, travelling expenses and miscellaneous job costs.

Gross profit and gross profit margin

The table below sets forth the breakdown of our gross profit and gross profit margin by operating segment during the Track Record Period:

	For the financial 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	%
Fitting-out works	6,244	8.7	18,051	12.1	4,718	9.2	5,474	9.8
Renovation works	15,251	14.3	8,551	11.1	4,632	12.5	2,009	12.3
	<u>21,495</u>	12.1	<u>26,602</u>	11.8	<u>9,350</u>	10.6	<u>7,483</u>	10.3

Our Group adopts a cost-plus pricing model when preparing tenders and quotations. Factors that we consider when determining the appropriate mark-up include, among other things, previous tender records and awarded tender price of previous similar projects, payment terms, scale, complexity and specification of the project, our capacity, project duration, estimated project cost (which mainly includes the direct staff cost, subcontracting costs and material costs) and the current market conditions. Each project may also carry variation order which typically is a request for additional works to be carried out. Similarly, fees for any additional works will also be determined using the cost-plus pricing model as mentioned above.

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Our gross profit from fitting-out works increased from approximately HK\$6.2 million for the financial year ended 31 March 2016 to approximately HK\$18.1 million for the financial year ended 31 March 2017, representing an increase of approximately 191.9%. Our gross profit from fitting-out works increased from approximately HK\$4.7 million for the four months ended 31 July 2016 to approximately HK\$5.5 million for the four months ended 31 July 2017, representing an increase of approximately 17.0%. The increase in our gross profit from fitting-out works was generally in line with the growth of our revenue for fitting-out works during the Track Record Period. Our gross profit from renovation works decreased from approximately HK\$15.3 million for the financial year ended 31 March 2016 to approximately HK\$8.6 million for the financial year ended 31 March 2017, representing a decrease of approximately 43.8%. Our gross profit from renovation works decreased from approximately HK\$4.6 million for the four months ended 31 July 2016 to approximately HK\$2.0 million for the four months ended 31 July 2017, representing a decrease of approximately 56.5%. The decrease in our gross profit from renovation works was generally in line with the decline of our revenue for renovation works during the Track Record Period.

Our overall gross profit margin remained relatively stable at around 12% for the two financial years ended 31 March 2017. Our gross profit margin of fitting-out works improved from approximately 8.7% for the financial year ended 31 March 2016 to approximately 12.1% for the financial year ended 31 March 2017 mainly due to the relatively higher gross profit margins of certain fitting-out works undertaken by our Group during the financial year ended 31 March 2017, such as the fitting-out works for (i) a house located in Shek O, which contributed revenue of approximately HK\$66.0 million and recorded a gross profit margin of approximately 12.7% for the financial year ended 31 March 2017; and (ii) bathroom of residential apartments of a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$23.4 million and recorded a gross profit margin of approximately 12.2% for the financial year ended 31 March 2017. Furthermore, the increase in our gross profit margin of fitting-out works for the financial year ended 31 March 2017 as compared to the financial year ended 31 March 2016 was also due to the decrease in proportion of revenue contribution from the fitting-out works for lift lobby, kitchen, bathroom and utility of residential building located in Ap Lei Chau, which contributed revenue of approximately HK\$24.1 million and HK\$17.9 million for the financial years ended 31 March 2016 and 2017, respectively, which at the same time had a lower than average gross profit margin of approximately 3.4% for the two financial years ended 31 March 2017. In addition, we recorded lower gross profit margins of certain fitting-out works undertaken by us during the financial year ended 31 March 2016 as compared to the financial year ended 31 March 2017, such as the fitting-out works for residential apartments of a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$14.2 million and recorded a gross profit margin of approximately 13.9% during the financial year ended 31 March 2016, while contributed revenue of approximately HK\$22.3 million and recorded a gross profit margin of approximately 18.3% during the financial year ended 31 March 2017 mainly due to the variation orders with higher gross profit margin received from the customer during the financial year ended 31 March 2017.

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Our gross profit margin of renovation works decreased from approximately 14.3% for the financial year ended 31 March 2016 to approximately 11.1% for the financial year ended 31 March 2017 mainly due to a substantial portion of those renovation works undertaken by our Group with relatively higher gross profit margins were carried out in the financial year ended 31 March 2016, including (i) two projects in respect of a private housing estate in Tai Tam, which contributed revenue of approximately HK\$44.2 million and approximately HK\$16.9 million, respectively, and recorded a gross profit margin of approximately 13.1% and approximately 16.4%, respectively, for the financial year ended 31 March 2016; and (ii) show flat of a private housing estate located in Kau To Shan, which contributed revenue of approximately HK\$8.6 million and recorded a gross profit margin of approximately 21.1% for the financial year ended 31 March 2016. We recorded relatively lower gross profit margins of certain renovation works undertaken by our Group during the financial year ended 31 March 2017, including the renovation works for (i) show flats located in Tsuen Wan, which contributed revenue of approximately HK\$23.7 million and recorded a gross profit margin of approximately 9.0% for the financial year ended 31 March 2017; and (ii) lift lobby and toilet of a commercial building located in Kwun Tong, which contributed revenue of approximately HK\$13.1 million and recorded a gross profit margin of approximately 4.7% for the financial year ended 31 March 2017.

Our gross profit margin of fitting-out works and renovation works remained relatively stable at around 9% and 12%, respectively, for the four months ended 31 July 2016 and 2017.

The following table sets out a breakdown of our gross profit and gross profit margin for our projects classified by residential and non-residential nature during the Track Record Period:

	For the financial 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	%
Residential								
(Note)	19,053	12.1	23,841	11.6	9,050	10.9	7,146	10.5
Non-residential	2,442	11.6	2,761	13.6	300	5.9	337	7.7
	<u>21,495</u>	12.1	<u>26,602</u>	11.8	<u>9,350</u>	10.6	<u>7,483</u>	10.3

Note: Residential projects included projects for show flats located in residential or non-residential properties.

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Our gross profit from residential projects increased from approximately HK\$19.1 million for the financial year ended 31 March 2016 to approximately HK\$23.8 million for the financial year ended 31 March 2017, representing an increase of approximately 24.6%. The increase in our gross profit from residential projects was generally in line with the growth of our revenue for residential projects during the Track Record Period. Our overall gross profit margin of residential projects remained relatively stable during the Track Record Period. Our gross profit from non-residential projects increased from approximately HK\$2.4 million for the financial year ended 31 March 2016 to approximately HK\$2.8 million for the financial year ended 31 March 2017, representing an increase of approximately 16.7%. The increase in our gross profit from non-residential projects was mainly due to revenue recognised from variation works of a renovation project for a commercial building in Tsim Sha Tsui during the financial year ended 31 March 2017, of which the final contract sum was agreed subsequent to the completion of work in the financial year ended 31 March 2016 and the costs of variation works were recognised as expenses for the financial year ended 31 March 2016.

Our gross profit from residential projects decreased from approximately HK\$9.1 million for the four months ended 31 July 2016 to approximately HK\$7.1 million for the four months ended 31 July 2017, representing a decrease of approximately 22.0%. Such decrease was generally in line with the decrease in our revenue for residential projects for the four months ended 31 July 2017. Our overall gross profit margin of residential projects remained relatively stable at around 10% for the four months ended 31 July 2016 and 2017.

Our gross profit from non-residential projects increased by approximately HK\$37,000 for the four months ended 31 July 2017 despite the decrease in revenue generated from non-residential projects for the same period, which was attributable to the relatively higher gross profit margins of certain non-residential projects undertaken by our Group for the four months ended 31 July 2017, including the renovation works for lift lobby of commercial building at Kwun Tong which contributed revenue of approximately HK\$0.6 million and recorded a gross profit margin of approximately 23.5% for the four months ended 31 July 2017.

The table below sets forth the breakdown of our gross profit and gross profit margin by type of customers during the Track Record Period.

	For the financial 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	%
	(unaudited)							
Property developer	16,558	14.8	4,625	8.2	3,888	12.0	2,193	12.7
Main contractor or direct contractor	4,051	8.1	9,496	11.3	3,094	8.6	3,032	9.0
Owner or tenant of properties	886	5.4	12,481	14.6	2,368	11.9	2,258	10.6
Total	21,495	12.1	26,602	11.8	9,350	10.6	7,483	10.3

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Our gross profit margin for property developers decreased from approximately 14.8% for the financial year ended 31 March 2016 to approximately 8.2% for the financial year ended 31 March 2017. The decrease in gross profit margin was mainly due to a substantial portion of the renovation works for two projects in respect of a private housing estate in Tai Tam were carried out in the financial year ended 31 March 2016, which contributed revenue of approximately HK\$44.2 million and approximately HK\$16.9 million, respectively, and recorded gross profit margin of approximately 13.1% and approximately 16.4%, respectively, for the financial year ended 31 March 2016. Our gross profit margin for property developers remained relatively stable at around 12% for the four months ended 31 July 2016 and 2017.

Our gross profit margin for main contractors or direct contractors increased from approximately 8.1% for the financial year ended 31 March 2016 to approximately 11.3% for the financial year ended 31 March 2017. The increase in gross profit margin was mainly driven by the two projects in respect of the fitting-out works for a private housing estate located in Tuen Mun, which contributed revenue of approximately HK\$23.4 million and approximately HK\$22.3 million, respectively, and recorded gross profit margin of approximately 12.2% and approximately 18.3%, respectively, for the financial year ended 31 March 2017. Our gross profit margin for main contractors or direct contractors remained relatively stable at approximately 9% for the four months ended 31 July 2016 and 2017.

Our gross profit margin for owners or tenants increased from approximately 5.4% for the financial year ended 31 March 2016 to approximately 14.6% for the financial year ended 31 March 2017. The increase in gross profit margin was mainly driven by the fitting-out works for a house located in Shek O, which contributed revenue of approximately HK\$66.0 million and recorded a gross profit margin of approximately 12.7% for the financial year ended 31 March 2017. Our gross profit margin for owners or tenants decreased from approximately 11.9% for the four months ended 31 July 2016 to approximately 10.6% for the four months ended 31 July 2017.

Other income

The table below sets forth a breakdown of our Group's other income during the Track Record Period:

	For the financial year ended 31 March		For the four months ended 31 July	
	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			
Interest income arising from amount due from a director	578	611	213	–
Bank interest income	4	1	1	1
Others	–	136	128	–
	582	748	342	1
	582	748	342	1

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Our Group's other income principally represents interest income arising from amount due from a director and bank deposit. The amount due from a director carried interest at rate of 2.58% per annum as at 31 March 2016. During the financial year ended 31 March 2017, the amount due from a director carried interest at rate of 2.07% per annum and fully settled during the year.

Administrative expenses

Administrative expenses mainly comprises staff costs for our Directors and other non-project staff and rent and rates, which in aggregate accounted for approximately 69.6%, 69.9% and 63.0% of our Group's administrative expenses for the financial year ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. Other administrative expenses include office expenses, depreciation of plant and equipment and travelling and transportation. The following table sets out the breakdown of our Group's administrative expenses during the Track Record Period:

	For the financial year ended 31 March		For the four months ended 31 July	
	2016	2017	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			
Staff costs	3,510	4,488	1,334	1,700
Rent and rates	776	748	249	274
Office expenses	206	454	179	106
Depreciation of plant and equipment	222	364	85	138
Travelling and transportation	524	352	95	126
Entertainment	134	276	101	210
Insurance	83	102	–	5
Electricity and water	57	66	25	12
Bank charges	43	56	25	28
Legal and professional fees	240	21	1	370
Other expenses	361	565	88	166
	<u>6,156</u>	<u>7,492</u>	<u>2,182</u>	<u>3,135</u>

Our administrative expenses increased by approximately HK\$1.3 million, or approximately 21.0%, from approximately HK\$6.2 million for the financial year ended 31 March 2016 to approximately HK\$7.5 million for the financial year ended 31 March 2017. The increase was mainly attributable to the increase in staff costs from approximately HK\$3.5 million for the financial year ended 31 March 2016 to approximately HK\$4.5 million for the financial year ended 31 March 2017. Our staff costs mainly comprise salaries, bonuses, retirement benefit costs and other benefits payable to all our Directors and other non-project staff. The increase was mainly due to the salary increment, increase in discretionary bonus for our Directors and non-project staff and the increase in headcount of our non-project staff for the financial year ended 31 March 2017.

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Our Group incurred legal and professional fees of approximately HK\$240,000 and HK\$21,000 for the financial years ended 31 March 2016 and 2017, respectively, which mainly represented expenses incurred for auditors' remuneration and fees paid for corporate tax and accounting services. The decrease in our legal and professional fees for the financial year ended 31 March 2017 as compared to the financial year ended 31 March 2016 was mainly attributable to the decrease in expenses incurred for auditors' remuneration, which amounted to HK\$190,000 for the year ended 31 March 2016, while the expenses incurred for auditors' remuneration for the year ended 31 March 2017 was included in the listing expenses for the year ended 31 March 2017.

Our administrative expenses increased by approximately 40.9%, from approximately HK\$2.2 million for the four months ended 31 July 2016 to approximately HK\$3.1 million for the four months ended 31 July 2017. The increase was mainly attributable to (i) the increase in staff costs of approximately HK\$0.4 million due to the salary increment, increase in discretionary bonus for our Directors and non-project staff and the increase in headcount of our non-project staff; and (ii) the increase in legal and professional fees of approximately HK\$0.4 million which mainly represented expenses incurred for auditors' remuneration, for the four months ended 31 July 2017 as compared with the corresponding period in 2016.

Finance costs

For the financial years ended 31 March 2016 and 2017, our Group incurred finance costs in respect of the interest expenses on bank borrowings of approximately HK\$1.1 million and HK\$0.8 million, respectively. For the four months ended 31 July 2016 and 2017, our Group incurred finance costs in respect of the interest expenses on bank borrowings of approximately HK\$277,000 and HK\$65,000, respectively. Our interest-bearing bank loans carry interest at rates ranging from approximately 2% to 2.5% per annum, 2% per annum and 2% to 2.5% per annum above Hong Kong Interbank Offered Rate ("**HIBOR**"), respectively, as at 31 March 2016 and 2017 and as at 31 July 2017.

The relatively lower finance costs for the financial year ended 31 March 2017 and the four months ended 31 July 2017 were mainly due to decrease in average monthly borrowing level during such year/period as compared to the corresponding year/period in 2016.

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Income tax expense

Our operations are subject to Hong Kong profits tax of 16.5% on estimated assessable profit and we have no tax obligation arising from other jurisdictions during the Track Record Period. For more details, please see note 10 to the Accountants' Report set out in Appendix I to this prospectus.

Our effective tax rate, calculated based on income tax expenses divided by profit before tax, was approximately 16.5% and approximately 18.5%, respectively, for the financial years ended 31 March 2016 and 2017. Such increase in the effective tax rate for our Group was mainly due to the effect of the listing expenses incurred during the financial year ended 31 March 2017 which were not deductible for tax purposes.

Our Group incurred income tax expenses of approximately HK\$1.2 million and HK\$0.6 million for the four months ended 31 July 2016 and 2017, respectively. Our Group recorded loss before taxation of approximately HK\$3.7 million for the four months ended 31 July 2017, while the listing expenses (which were non-recurring and non-tax deductible) of approximately HK\$8.0 million were recorded in the same period. If the impact of the listing expenses were excluded, we would have recorded an adjusted profit before taxation of approximately HK\$4.3 million and the effective tax rate would be approximately 14.0%.

Profit (loss) for the year/period

As a result of the foregoing, our profit for the year increased by approximately 8.9% from approximately HK\$12.4 million for the financial year ended 31 March 2016 to approximately HK\$13.5 million for the financial year ended 31 March 2017 and our loss for the period of approximately HK\$4.3 million was recorded for the four months ended 31 July 2017, as compared to profit for the period of approximately HK\$6.1 million for the four months ended 31 July 2016, which was mainly due to the consolidated effect of abovementioned items.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our Group's principal liquidity and capital requirements primarily relate to our operating expenses. During the Track Record Period, our Group's operations were generally financed through a combination of cash generated from our operations and borrowings from banks. Going forward, we expect to fund our working capital and other liquidity requirements with a combination of various sources, including but not limited to cash generated from our operations, banking facilities, the net proceeds from the Share Offer as well as other external equity and debt financing.

Cash flows

The following table summarises our Group's net cash flows for the years/periods indicated:

	For the financial year ended 31 March		For the four months ended 31 July	
	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
			(unaudited)	
Net cash from/ (used in) operating activities	24,485	(14,374)	(24,683)	(10,873)
Net cash (used in)/ from investing activities	(8,711)	14,187	(198)	(1,110)
Net cash (used in)/ from financing activities	<u>(10,016)</u>	<u>15,820</u>	<u>20,009</u>	<u>(8,119)</u>
Net increase (decrease) in cash and cash equivalents	5,758	15,633	(4,872)	(20,102)
Cash and cash equivalents at beginning of the year/period	<u>1,597</u>	<u>7,355</u>	<u>7,355</u>	<u>22,988</u>
Cash and cash equivalents at end of the year/period	<u><u>7,355</u></u>	<u><u>22,988</u></u>	<u><u>2,483</u></u>	<u><u>2,886</u></u>

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Net cash from/used in operating activities

Net cash used in operating activities was approximately HK\$10.9 million for the four months ended 31 July 2017, which primarily reflected our loss before tax of approximately HK\$3.7 million, increase in net amounts due from (to) customers for contract work of approximately HK\$16.6 million as the growth of our contract costs incurred plus recognised profits less recognised losses exceeded the growth of our progress billings for our projects during the four months ended 31 July 2017, and partially offset by increase in trade and other payables of approximately HK\$9.3 million (principally attributable to the increase in trade payables of approximately HK\$5.3 million and increase in accruals of approximately HK\$4.0 million).

Net cash used in operating activities was approximately HK\$14.4 million for the financial year ended 31 March 2017, which primarily reflected the profit before tax of approximately HK\$16.6 million, and partially offset by decrease in trade and other payables of approximately HK\$15.7 million (principally attributable to the decrease in advance from customers of approximately HK\$20.9 million due to payment received from two customers as at 31 March 2016 was utilised to set off progress billings during the financial year ended 31 March 2017, and offset by increase in trade payables of approximately HK\$3.5 million and increase in accruals of approximately HK\$1.6 million), increase in trade and other receivables of approximately HK\$10.8 million (principally attributable to the increase in trade receivables of approximately HK\$9.7 million and mainly represented progress billings receivable from Customer F, Customer A and Customer G) and income tax paid of approximately HK\$4.4 million.

Net cash generated from operating activities was approximately HK\$24.5 million for the financial year ended 31 March 2016, which primarily reflected the profit before tax of approximately HK\$14.8 million, increase in trade and other payables of approximately HK\$16.0 million (principally attributable to the increase in advance from two customers of approximately HK\$20.9 million and offset by decrease in trade payables of approximately HK\$5.2 million) and adjustment for finance costs of approximately HK\$1.1 million, and partially offset by increase in trade and other receivables of approximately HK\$5.0 million (principally attributable to the increase in trade receivables of approximately HK\$4.4 million), increase in net amounts due from (to) customers for contract work of approximately HK\$1.3 million as the growth of our contract costs incurred plus recognised profits less recognised losses exceeded the growth of our progress billings for our projects during the financial year ended 31 March 2016 and income tax paid of approximately HK\$0.8 million.

Net cash used in/from investing activities

Net cash used in investing activities was approximately HK\$1.1 million for the four months ended 31 July 2017, primarily representing advance to immediate holding company of approximately HK\$1.0 million.

FINANCIAL INFORMATION

Net cash generated from investing activities was approximately HK\$14.2 million for the financial year ended 31 March 2017, primarily representing our net cash inflow from repayments from directors of approximately HK\$14.9 million and repayment from a related company of approximately HK\$1.2 million, and partially offset by advance to a director of approximately HK\$1.0 million.

Net cash used in investing activities was approximately HK\$8.7 million for the financial year ended 31 March 2016, primarily representing advance to directors of approximately HK\$19.3 million, and partially offset by repayment from a director of approximately HK\$9.3 million and withdrawal of pledged bank deposit of approximately HK\$1.5 million.

Net cash used in/from financing activities

Our net cash used in financing activities was approximately HK\$8.1 million for the four months ended 31 July 2017, primarily as a result of repayments of bank borrowings of approximately HK\$16.5 million, and offset by new bank loans raised of HK\$8.4 million.

Our net cash from financing activities was approximately HK\$15.8 million for the financial year ended 31 March 2017, primarily as a result of new bank loans raised of HK\$78.0 million and fund raised from issue of share capital of DCB to the Pre-IPO Investor of HK\$10.0 million, which is partly offset by repayments of bank borrowings of approximately HK\$66.4 million and dividend paid of HK\$5.0 million.

Our net cash used in financing activities was approximately HK\$10.0 million for the financial year ended 31 March 2016, primarily as a result of repayments of bank borrowings of approximately HK\$80.4 million and interest paid for bank borrowings of approximately HK\$1.1 million, which is partly offset by new bank loans raised of HK\$72.0 million.

WORKING CAPITAL

After taking into account the following financial resources available to our Group:

- the cash inflows to be generated from operating activities of our Group;
- our existing cash and cash equivalents available;
- the existing available banking facilities; and
- the net proceeds from the Share Offer to be received by our Group,

our Directors are of the opinion that our Group has sufficient working capital to meet our present requirements for at least the next 12 months from the date of this prospectus.

FINANCIAL INFORMATION

ASSETS AND LIABILITIES

Net current assets

We recorded net current assets as at each of 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017 which amounted to approximately HK\$15.6 million, HK\$33.6 million, HK\$26.4 million and HK\$30.4 million, respectively. The following table shows our current assets and current liabilities as at the dates indicated:

	As at 31 March		As at 31 July	As at 30 November
	2016	2017	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Current assets				
Trade and other receivables	11,036	21,844	22,062	30,985
Amounts due from customers for contract work	29,293	34,560	50,728	69,075
Amounts due from directors	34,623	–	–	–
Amount due from a related company	1,218	–	–	–
Amount due from immediate holding company	–	–	1,000	3,204
Bank balances and cash	7,355	22,988	2,886	10,926
	83,525	79,392	76,676	114,190
Current liabilities				
Trade and other payables	33,475	17,752	27,061	38,890
Amounts due to customers for contract work	5,978	10,655	10,260	15,058
Dividends payables	–	–	3,000	3,000
Borrowings	26,188	16,500	8,446	24,446
Tax payable	2,277	896	1,479	2,438
	67,918	45,803	50,246	83,832
Net current assets	15,607	33,589	26,430	30,358

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Our net current assets increased from approximately HK\$15.6 million as at 31 March 2016 to approximately HK\$33.6 million as at 31 March 2017. The increase was mainly due to (i) increase in bank balances and cash by approximately HK\$15.6 million; (ii) increase in trade and other receivables by approximately HK\$10.8 million, principally attributable to the increase in trade receivables of approximately HK\$9.7 million and mainly represented progress billings receivable from Customer F, Customer A and Customer G; (iii) decrease in trade and other payables by approximately HK\$15.7 million, principally attributable to the decrease in advance from customers of approximately HK\$20.9 million due to payment received from two customers as at 31 March 2016 was utilised to set off progress billings during the financial year ended 31 March 2017, and offset by increase in trade payables of approximately HK\$3.5 million and increase in accruals of approximately HK\$1.6 million; (iv) decrease in borrowings by approximately HK\$9.7 million, and partially offset by decrease in amounts due from directors by approximately HK\$34.6 million.

Our net current assets decreased from approximately HK\$33.6 million as at 31 March 2017 to approximately HK\$26.4 million as at 31 July 2017. The decrease was mainly due to (i) decrease in bank balances and cash by approximately HK\$20.1 million; (ii) increase in trade and other payables by approximately HK\$9.3 million, principally attributable to the increase in trade payables of approximately HK\$5.3 million and increase in accruals of approximately HK\$4.0 million; (iii) increase in dividends payables by approximately HK\$ 3.0 million, and partially offset by (i) increase in amounts due from customers for contract work by approximately HK\$16.2 million; (ii) decrease in borrowings by approximately HK\$8.1 million; and (iii) increase in amount due from immediate holding company by approximately HK\$1.0 million.

For details regarding the major items affecting our net current assets during the Track Record Period, please see the paragraph headed “Description and analysis of principal items in the consolidated statements of financial position” below.

Our net current assets increased from approximately HK\$26.4 million as at 31 July 2017 to approximately HK\$30.4 million as at 30 November 2017. The increase was mainly due to (i) increase in amounts due from customers for contract work by approximately HK\$18.3 million; (ii) increase in trade and other receivables by approximately HK\$8.9 million, principally attributable to the increase in trade receivables of approximately HK\$8.6 million and mainly represented progress billings receivable from our customers in relation to renovation works for house of a private estate at Tai Tam, hotel in Tsuen Wan and show flats at Kowloon City; (iii) increase in bank balances and cash by approximately HK\$8.0 million; (iv) increase in amount due from immediate holding company by approximately HK\$2.2 million, and partially offset by (i) increase in borrowings by approximately HK\$16.0 million; (ii) increase in trade and other payables by approximately HK\$11.8 million, principally attributable to the increase in trade payables of approximately HK\$10.3 million and increase in accruals of approximately HK\$1.6 million and partially offset by decrease in accrued listing expenses of approximately HK\$0.1 million; (iii) increase in amounts due to customers for contract work by approximately HK\$4.8 million.

FINANCIAL INFORMATION

DESCRIPTION AND ANALYSIS OF PRINCIPAL ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Trade and other receivables

Our trade and other receivables principally comprise trade receivables, retention receivables, deposits and prepayments, deferred listing expenses and other receivables. As at 31 March 2016, 31 March 2017 and 31 July 2017, our trade and other receivables were HK\$11.0 million and HK\$21.8 million and HK\$22.1 million, respectively, and the following table set forth the breakdown of trade and other receivables as at the dates indicated:

	As at 31 March		As at 31 July
	2016	2017	2017
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	10,057	19,796	18,084
Retention receivables	686	–	–
Deposits and prepayments	292	1,181	576
Deferred listing expenses	–	819	3,386
Other receivables	1	48	16
	<u>11,036</u>	<u>21,844</u>	<u>22,062</u>

Trade receivables

Trade receivables represent the outstanding billed amount of progress payments receivable from our customers. Our trade receivables increased from approximately HK\$10.1 million as at 31 March 2016 to approximately HK\$19.8 million as at 31 March 2017 was generally in line with our business expansion as evidenced by our revenue growth. Our outstanding trade receivables balance as at 31 March 2017 mainly represented progress billings receivable from (i) Customer F for our provision of fitting-out works for a house located in Shek O; (ii) Customer A for our provision of renovation works for the projects in respect of a private housing estate in Tai Tam; and (iii) Customer G for our provision of renovation works for show flats located in Tsuen Wan.

Our trade receivables decreased to approximately HK\$18.1 million as at 31 July 2017. Our outstanding trade receivables balance as at 31 July 2017 mainly represented progress billings receivable from (i) Customer F for our provision of fitting-out works for a house located in Shek O; and (ii) Customer G for our provision of renovation works for show flats located in Kowloon City.

FINANCIAL INFORMATION

The following table sets out an ageing analysis of our Group's trade receivables which are past due based on invoice date but not impaired:

	As at 31 March		As at 31 July
	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue:			
0-30 days	4,918	11,524	16,303
31-60 days	1,427	5,464	497
61-90 days	1,673	53	64
Over 90 days	2,039	2,755	1,220
	<u>10,057</u>	<u>19,796</u>	<u>18,084</u>

We typically submit a payment application to our customer summarising the works done on a monthly basis. Our customer's representative will then assess our payment application and issue an interim payment certificate to us generally within 14 to 28 days from the date of our payment application. Our customer will generally make payment to us based on the certified amount within 28 days of submitting an invoice to our customer. Our trade receivable turnover days as disclosed below do not take into account the payments to be received from customers for the value of our contract works performed but yet to be certified. As at 31 March 2016, 31 March 2017 and 31 July 2017, all of our trade receivables of approximately HK\$10.1 million, HK\$19.8 million and HK\$18.1 million, respectively, were past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience.

The following table sets out our Group's trade receivables turnover days during the Track Record Period:

	For the financial year ended		For the four
	31 March		months
	2016	2017	ended
	<i>Days</i>	<i>Days</i>	31 July 2017
			<i>Days</i>
Trade receivables turnover days			
<i>(Note)</i>	<u>16.1</u>	<u>24.2</u>	<u>31.9</u>

Note: Trade receivables turnover days are calculated by dividing the average trade receivables balance by revenue for the relevant financial year/period multiplied by the number of days during the financial year/period (i.e. 366 days for the financial year ended 31 March 2016, 365 days for the financial year ended 31 March 2017 and 122 days for the four months ended 31 July 2017). Average trade receivables balance is the average of the beginning and ending trade receivables balances for the relevant financial year/period.

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The trade receivables turnover days increased from approximately 16.1 days for the financial year ended 31 March 2016 to approximately 24.2 days for the financial year ended 31 March 2017 and further increased to approximately 31.9 days for the four months ended 31 July 2017, which was principally attributable to the increase in average trade receivables as above-mentioned during the Track Record Period.

Among the outstanding trade receivables of approximately HK\$18.1 million as at 31 July 2017, approximately HK\$12.0 million, representing approximately 66.3% of which, had been settled as at 30 November 2017.

Retention receivables

As at 31 March 2016, 31 March 2017 and 31 July 2017, our retention receivables amounted to approximately HK\$0.7 million, nil and nil, respectively. Retention receivables represented billed amount of retention money, in relation to completed projects, receivable from our customers. Our customers held up retention money from each interim payment (typically 5% to 10% of each interim payment) until 5% of the total contract sum is reached. The retention monies will be generally released as to 50% upon the issue of certificate of practical completion and as to the remaining 50% upon issuance of certificate of making good defects after expiry of the defect liability period, which is typically 12 months or for certain projects 24 months from the date of the certificate of practical completion. For the details regarding the unbilled retention held by customers for contract work, please refer to the paragraph headed "Amounts due from/to customers for contract work" below.

Deposits and prepayments

As at 31 March 2016, 31 March 2017 and 31 July 2017, our Group had deposits and prepayments of approximately HK\$0.3 million, HK\$1.2 million and HK\$0.6 million, respectively. Our Group's deposits and prepayments mainly represented prepayments for listing expenses, rental deposits for our office and staff accommodation and utilities deposits. The increase in the balance of deposits and prepayments as at 31 March 2017 was due to the increase in prepayments for listing expenses of approximately HK\$0.9 million, which will be recognised as an expense for the year ending 31 March 2018.

Deferred listing expenses

The deferred listing expenses are incurred in connection with the Listing and will be capitalised upon Listing.

FINANCIAL INFORMATION

Trade and other payables

Our trade and other payables principally comprise trade payables, accruals and advances from customers. As at 31 March 2016, 31 March 2017 and 31 July 2017, our trade and other payables were HK\$33.5 million, HK\$17.8 million and HK\$27.1 million, respectively, and the following table set forth the breakdown of trade and other payables as at the dates indicated:

	As at 31 March		As at 31 July
	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	11,671	15,205	20,550
Accruals	941	2,547	6,511
Advances from customers	20,863	–	–
	<u>33,475</u>	<u>17,752</u>	<u>27,061</u>

Trade payables

Trade payables are mainly related to payables for subcontracting fees and material costs. Our trade payables increased from approximately HK\$11.7 million as at 31 March 2016 to approximately HK\$15.2 million as at 31 March 2017 and to approximately HK\$20.6 million as at 31 July 2017.

The following table sets out an ageing analysis of our Group's trade payables based on invoice date as at the dates indicated:

	As at 31 March		As at 31 July
	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
1-30 days	4,585	2,695	9,411
31-60 days	734	2,778	3,838
61-90 days	1,091	3,404	–
Over 90 days	5,261	6,328	7,301
	<u>11,671</u>	<u>15,205</u>	<u>20,550</u>

In general, no credit period was granted by our subcontractors and our material suppliers. We will verify the performance of our sub-contractors to ensure that their works have been completed in a satisfactory manner before any payment is made to them. In the case of variation orders which final contact amounts are subject to negotiation with our customers, payment to sub-contractors would normally be made when the amounts of variation orders have been certified by our customers.

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The following table sets out our Group's trade payables turnover days during the Track Record Period:

	For the financial year ended		For the four
	31 March		months
	2016	2017	ended
	<i>Days</i>	<i>Days</i>	31 July 2017
			<i>Days</i>
Trade payables turnover days	33.3	24.6	33.6
(Note)			

Note: Trade payables turnover days are calculated by dividing the average trade payables balance by cost of services for the relevant financial year/period multiplied by the number of days during the financial year/period (i.e. 366 days for the financial year ended 31 March 2016, 365 days for the financial year ended 31 March 2017 and 122 days for the four months ended 31 July 2017). Average trade payables balance is the average of the beginning and ending trade payables balances for the relevant financial year/period.

Our trade payable turnover days decreased from approximately 33.3 days for the financial year ended 31 March 2016 to approximately 24.6 days for the financial year ended 31 March 2017 and increased to approximately 33.6 days for the four months ended 31 July 2017. The higher trade payable turnover days for the financial year ended 31 March 2016 was principally attributable to the higher balance of trade payables at the beginning of the financial year ended 31 March 2016 due to more billings were received in the beginning of 2015 mainly as a result of upfront costs incurred for the renovation works for a private housing estate in Tai Tam and works to be certified for a fitting-out project completed in the beginning of 2015. The higher trade payable turnover days for the four months ended 31 July 2017 was principally attributable to the higher balance of trade payables as at 31 July 2017 mainly as a result of variation orders which contract amounts are subject to negotiation with our customer and works to be certified for the fitting out works of a private housing estate located in Pok Fu Lam and upfront costs incurred for the fitting out works of lobby and club house of a residential building located in Tsuen Wan.

Among the outstanding trade payables of approximately HK\$20.6 million as at 31 July 2017, approximately HK\$16.7 million, representing approximately 81.1% of which, had been settled as at 30 November 2017.

Accruals

Accruals mainly comprised (i) provisions for staff costs, including salaries and retirement contributions; and (ii) accruals for listing expenses. Our Group's accruals increased from approximately HK\$0.9 million as at 31 March 2016 to approximately HK\$2.5 million as at 31 March 2017 and further increased to approximately HK\$6.5 million as at 31 July 2017, which were mainly due to accruals for listing expenses of approximately HK\$1.1 million and HK\$3.9 million as at 31 March 2017 and 31 July 2017, respectively.

FINANCIAL INFORMATION

Advances from customers

Advances from customers represented payment received from two of our customers at early stage for two projects pursuant to the clauses under the relevant engagements, which would be utilised to set off progress billings. Such advances from customers were fully utilised to set off progress billings for the relevant projects during the financial year ended 31 March 2017.

Amounts due from/to customers for contract work

We enter into contracts with our customers whereby we recognize our revenue based on the percentage of completion of the relevant project, and we issue our billings based on monthly interim certificates or the actual progress of our work performed. 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 which represented unbilled amounts earned and reimbursable under contracts. 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. The amounts due from/to customers for contract work are generally affected by the value of contract work performed and the timing of progress billings. Therefore, our Directors consider that it is normal that these balances vary from time to time.

As at 31 March 2016, 31 March 2017 and 31 July 2017, we had (i) amounts due from customers for contract work of approximately HK\$29.3 million, HK\$34.6 million and HK\$50.7 million, respectively; and (ii) amounts due to customers for contract work of approximately HK\$6.0 million, HK\$10.7 million and HK\$10.3 million, respectively. The following table sets forth our Group's contracts costs incurred plus recognised profits less recognised losses and our Group's progress billings as at the dates indicated:

	As at 31 March 2016	2017	As at 31 July 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract costs incurred plus recognised profit less recognised losses	326,865	510,884	583,834
Less: progress billings	<u>(303,550)</u>	<u>(486,979)</u>	<u>(543,366)</u>
	<u>23,315</u>	<u>23,905</u>	<u>40,468</u>
Of which:			
Amounts due from customers for contract work	29,293	34,560	50,728
Amounts due to customers for contract work	<u>(5,978)</u>	<u>(10,655)</u>	<u>(10,260)</u>
	<u><u>23,315</u></u>	<u><u>23,905</u></u>	<u><u>40,468</u></u>

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The amounts due from customers for contract work of approximately HK\$50.7 million as at 31 July 2017 was mainly attributable to certain larger sized projects with contract work performed for which yet to be certified and billed, such as our provision of fitting-out works for a private housing estate located in Pok Fu Lam and a house located in Shek O and our provision of renovation works for houses of a private estate at Tai Tam as at 31 July 2017. Up to 30 November 2017, the subsequently billed amount related to the amounts due from customers for contract work as at 31 July 2017 were approximately HK\$40.9 million, representing 80.7% of the amounts due from customers for contract work.

The following table sets forth a breakdown of the balance and subsequent billing of our amounts due from customers for contract work as at 31 July 2017 by project:

	As at 31 July 2017 HK\$'000	Subsequent billing up to 30 November 2017 HK\$'000
Fitting-out project for Customer H's private housing estate at Pok Fu Lam	22,031	22,031
Renovation project for Customer A's houses of a private estate at Tai Tam	7,216	7,216
Fitting-out project for Customer F's house at Shek O	6,742	6,742
Fitting-out project for a Customer H's lobby and club house of residential building in Tsuen Wan	4,743	468
Renovation project for Customer G's show flat at Tsuen Wan (<i>Note</i>)	3,386	–
Renovation project for Customer I's lift lobby/toilet of commercial building at Kwun Tong	1,468	454
Fitting-out project for a property owner's a house in Sai Kung	1,011	1,011
Other projects	4,131	2,955
	50,728	40,877

Note: Subsequent billing of this project up to 30 November 2017 amounted to nil as we are in the progress of verifying the variation orders with Customer G and the amounts of variation orders are yet to be certified by Customer G as at 30 November 2017. The balance of the amounts due from customers for contract work as at 31 July 2017 for this project also comprised the unbilled retention for contract work held by Customer G.

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The following table sets forth an ageing (based on date of recognition) and subsequent billing analysis of our amounts due from customers for contract work as at 31 July 2017:

	As at 31 July 2017 <i>HK\$'000</i>	Subsequent billing up to 30 November 2017 <i>HK\$'000</i>
Within 30 days	19,840	15,541
31-60 days	15,811	15,226
61-90 days	3,554	3,115
Over 90 days	11,523	6,995
	50,728	40,877

Our amounts due from customers for contract work are usually affected by (i) unbilled retention held by customers for contract work as at the end of each reporting period; (ii) the volume and value of works performed by us at the time close to the end of each reporting period by reference to the contract costs incurred for work performed and the estimated total contract costs of the projects; and (iii) the timing of issuing the payment certificates by our customers, which can significantly vary from period to period.

As at 31 March 2016, 31 March 2017 and 31 July 2017, unbilled retention held by customers for contract work included in amounts due from customers for contract work amounted to approximately HK\$4.8 million, approximately HK\$11.9 million and HK\$14.3 million, respectively, which were expected to be recovered or settled in more than 12 months from the end of corresponding periods.

The amounts due to customers for contract work increased from approximately HK\$6.0 million as at 31 March 2016 to approximately HK\$10.7 million as at 31 March 2017 was mainly due to less payment requests for work completed from our sub-contractors towards the end of the financial year ended 31 March 2017 as compared to those towards the end of the financial year ended 31 March 2016. The amounts due to customers for contract work amounted to approximately HK\$10.3 million as at 31 July 2017.

FINANCIAL INFORMATION

Amounts due from directors, a related company and immediate holding company

The following table sets forth an analysis of the amounts due from directors, a related party and immediate holding company as at the dates indicated:

	As at 31 March		As at 31 July
	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Director			
Amount due from Mr. Dick Cheng	34,323	–	–
Amount due from Ms. Liu	<u>300</u>	<u>–</u>	<u>–</u>
	<u>34,623</u>	<u>–</u>	<u>–</u>
Related company			
Amount due from a related company	<u>1,218</u>	<u>–</u>	<u>–</u>
Immediate holding company			
Amount due from immediate holding company	<u>–</u>	<u>–</u>	<u>1,000</u>

Our amount due from Mr. Dick Cheng was non-trade related, unsecured, repayable on demand and interest bearing at 2.58% per annum as at 31 March 2016. During the financial year ended 31 March 2017, our amount due from Mr. Dick Cheng was non-trade related, unsecured, repayable on demand and interest bearing at 2.07% per annum and fully settled during the year. Our amount due from Ms. Liu was non-trade related, unsecured, interest-free and repayable on demand.

The amounts due from a related company was advance to a related company by our Group prior to the Track Record Period.

The amounts due from immediate holding company was non-trade related, unsecured, interest free and repayable on demand. Our Directors confirm that the amounts due from immediate holding company will be fully settled before the Listing.

FINANCIAL INFORMATION

INDEBTEDNESS

The following table sets out a breakdown of our Group's borrowings as at the dates indicated:

	As at 31 March		As at 31 July	As at 30 November
	2016	2017	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Bank borrowings				
Repayable:				
Within one year	9,866	16,500	8,446	24,446
More than one year but not exceeding two years	7,179	-	-	-
More than two years but not exceeding five years	8,786	-	-	-
More than five years	357	-	-	-
	<u>26,188</u>	<u>16,500</u>	<u>8,446</u>	<u>24,446</u>

As at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, our bank borrowings were denominated in Hong Kong dollars. They bore interest at a floating rate of 2% to 2.5% per annum over HIBOR as at 31 March 2016, a floating rate of 2% per annum over HIBOR as at 31 March 2017, a floating rate of 2% to 2.5% per annum over HIBOR as at 31 July 2017 and a floating rate of 2% to 2.5% per annum over HIBOR as at 30 November 2017. During the financial year ended 31 March 2017, we fully repaid the term loans of approximately HK\$21.2 million which carried a higher interest rate as compared to the revolving loans offered by the bank.

We had total banking facilities limits that amounted to approximately HK\$75.8 million, HK\$111.7 million, HK\$61.9 million and HK\$61.9 million as at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, respectively, which include, but not limited to, revolving loan, overdraft, term loan, trade finance, bank guarantee and trust receipt loan. Certain customers require us to provide surety bonds for our projects to ensure due performance of the relevant contracts. Out of the total banking facilities of approximately HK\$61.9 million as at 30 November 2017, term loan facility of HK\$5.0 million is restricted to refinance our tax payment, while the usage of the remaining banking facilities is for our general working capital. Under a surety bond, a bank will guarantee the payment to our customer normally of an amount equal to 10% (depending on the contract term of individual project) of the relevant initial total contract sum. The surety bonds are generally released upon the due completion of relevant service by us or by a certain stipulated date. As at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, the total value guaranteed under surety bonds issued in favour of our customers amounted to approximately HK\$16.3 million, HK\$20.2 million, HK\$28.5 million and HK\$24.6 million, respectively.

FINANCIAL INFORMATION

As at 31 March 2016, 31 March 2017, 31 July 2017 and 30 November 2017, our Group had unutilised bank facilities of approximately HK\$33.3 million, HK\$74.9 million, HK\$25.0 million and HK\$12.9 million, respectively.

We have not breached any loan covenants during the Track Record Period and up to the Latest Practicable Date and we expect that we will still be able to meet those covenants.

During the Track Record Period, the bank borrowings and banking facilities were guaranteed by the mortgage of leasehold land and buildings owned by Mr. Dick Cheng, Ms. Chow Siu Shan, Juliana, the spouse of Mr. Dick Cheng, and cross corporate guarantees provided by a related company (the “**Related Company**”) in which one of our Directors has beneficial interest, together with personal guarantees given by all Directors. No consideration is received by the Group/the Related Company for the cross guarantees provided to/by the Related Company. The Group did not recognise any liabilities in respect of such financial guarantees as the Directors consider that the fair values of these financial guarantee contracts at their initial recognition and at the end of each reporting period are insignificant. Our Directors confirm that the above secured assets and guarantees will be released and replaced by corporate guarantees provided by our Company upon Listing.

Save as disclosed above, our Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at 30 November 2017, being the latest practicable date for the preparation of the indebtedness statement in this prospectus.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table sets out certain key financial ratios as at the dates or for the dates/periods indicated:

	As at or for the financial		As at or for
	year ended 31 March		the four
	2016	2017	months
			ended
			31 July
			2017
Net profit margin (<i>note 1</i>)	7.0%	6.0%	-5.9%
Return on equity (<i>note 2</i>)	77.5%	39.1%	-15.9%
Return on total assets (<i>note 3</i>)	14.7%	16.8%	-5.5%
Interest coverage (<i>note 4</i>)	14.5	21.8	Not applicable
Current ratio and quick ratio (<i>note 5</i>)	1.2	1.7	1.5
Gearing ratio (<i>note 6</i>)	163.8%	47.8%	31.0%
Debt-to-equity ratio (<i>note 7</i>)	117.5%	Not applicable	20.3%

Notes:

1. Net profit margin is calculated based on the net profit for the respective year/period divided by total revenue for the respective year/period and multiplied by 100%.
2. Return on equity is calculated based on the net profit for the respective year/period divided by total equity at the end of the respective year/period and multiplied by 100%.
3. Return on total assets is calculated based on the net profit for the respective year/period divided by total assets at the end of the respective year/period and multiplied by 100%.
4. Interest coverage is calculated based on the profit before interest and tax for the respective year/period divided by interest expenses for the respective year/period.
5. Current ratio is calculated based on the total current assets at the end of the respective year/period divided by the total current liabilities at the end of the respective year/period. Quick ratio is calculated based on the total current assets (excluding inventories) at the end of the respective year/period divided by the total current liabilities at the end of the respective year/period.
6. Gearing ratio is calculated based on total debt at the end of the respective year/period divided by total equity at the end of the respective year/period and multiplied by 100%. Debt of our Group refers to bank borrowings.
7. Debt-to-equity ratio is calculated based on net debt at the end of the respective year/period divided by total equity at the end of the respective year/period and multiplied by 100%. Net debt is defined to include all borrowings net of cash and cash equivalents.

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Net profit margin

Our Group recorded net profit margin of approximately 7.0% and 6.0% for the financial years ended 31 March 2016 and 2017, respectively. The decrease in our net profit margin was mainly attributable to the listing expenses of approximately HK\$2.5 million incurred during the financial year ended 31 March 2017, while our gross profit margin and operating expenses were maintained at relatively stable levels during the Track Record Period.

Our Group recorded a net loss margin for the four months ended 31 July 2017. Should the effect of the non-recurring listing expenses have been excluded, our Group would have a decrease in net profit margin from approximately 6.9% for the four months ended 31 July 2016 to approximately 5.1% for the four months ended 31 July 2017. The decrease was mainly as a result of the decrease in revenue of HK\$15.9 million and increase in administrative expenses of approximately HK\$1.0 million recorded during the four months ended 31 July 2017.

Return on equity

Our Group had return on equity of approximately 77.5% and 39.1% for the financial years ended 31 March 2016 and 2017, respectively. The decrease in our return on equity was primarily due to the increase in our equity base as a result of fund raised from issue of share capital of DCB to the Pre-IPO Investor of HK\$10.0 million and the profit attributable to our equity holder recognised for the financial year ended 31 March 2017 of approximately HK\$13.5 million, which outweighed the increase in profit attributable to our equity holder of approximately HK\$1.1 million for the financial year ended 31 March 2017.

Our Group recorded negative return on equity of approximately 15.9% for the four months ended 31 July 2017. However, if the effect of the non-recurring listing expenses for the four months ended 31 July 2017 were being excluded, our Group would have recorded positive return on equity of approximately 13.7% for the four months ended 31 July 2017.

Return on total assets

Our Group had return on total assets of approximately 14.7% and 16.8% for the financial years ended 31 March 2016 and 2017, respectively. Our return on total assets increased mainly as result of the increase in our profit attributable to our equity holder of approximately 8.9% for the financial year ended 31 March 2017 and also the decrease in our current assets of approximately 4.9% (mainly as a result of the decrease in amounts due from directors of approximately HK\$34.6 million, and partially offset by (i) increase in trade and other receivables of approximately HK\$10.8 million, (ii) increase in amounts due from customers for contract work of approximately HK\$5.3 million, and (iii) increase in bank balances and cash of approximately HK\$15.6 million).

Our Group recorded negative return on total assets of approximately 5.5% for the four months ended 31 July 2017. However, if the effect of the non-recurring listing expenses for the four months ended 31 July 2017 were being excluded, our Group would have recorded positive return on total assets of approximately 4.8% for the four months ended 31 July 2017.

FINANCIAL INFORMATION

Interest coverage

Our Group had interest coverage of approximately 14.5 times and 21.8 times for the financial years ended 31 March 2016 and 2017, respectively. The increasing trend of our interest coverage was in line with our increased profit before interest and tax of approximately 9.4% and the decrease in our interest expenses of approximately 27.3% due to decrease in average monthly borrowing level during the financial year ended 31 March 2017 as compared to the financial year ended 31 March 2016.

Given our Group has recorded loss before interest and tax for the four months ended 31 July 2017 after taking into account of the listing expenses, no interest coverage ratio was presented.

Current ratio and quick ratio

Our current ratio increased from approximately 1.2 times as at 31 March 2016 to approximately 1.7 times as at 31 March 2017. The improvement of our current ratio was primarily attributable to the decrease in our current liabilities of approximately 32.5% (mainly as a result of the decrease in trade and other payables of approximately HK\$15.7 million, the decrease in bank borrowings of approximately HK\$9.7 million, and partially offset by the increase in amounts due to customers for contract work of approximately HK\$4.7 million), which outweighed the decrease in our current assets of approximately 4.9%. The overall improvement in net current assets position was consistent with our positive financial result.

Our current ratio decreased to approximately 1.5 times as at 31 July 2017, which was mainly attributable to the decrease in our current assets (mainly as a result of the decrease in cash and cash equivalents of approximately HK\$20.1 million, and partially offset by the increase in amounts due from customers for contract work of approximately HK\$16.2 million) and increase in our current liabilities (mainly as a result of the increase in trade and other payables of approximately HK\$9.3 million and the increase in dividends payables of HK\$3.0 million, and partially offset by the decrease in borrowings of approximately HK\$8.1 million).

As our Group did not hold any material inventory as at 31 March 2016, 31 March 2017 and 31 July 2017, our Group's current ratio is equivalent to our quick ratio.

Gearing ratio

Gearing ratio of our Group was approximately 163.8% and 47.8% as at 31 March 2016 and 31 March 2017, respectively. The decrease in our gearing ratio was mainly attributable to the decrease in our borrowing level during the financial year ended 31 March 2017 and increase in our equity base as a result of fund raised from issue of share capital of DCB to the Pre-IPO Investor of HK\$10.0 million and the profit attributable to our equity holder recognised for the financial year ended 31 March 2017 of approximately HK\$13.5 million. Our gearing ratio further decreased to 31.0% as at 31 July 2017 mainly attributable to the decrease in our borrowing level for the four months ended 31 July 2017.

FINANCIAL INFORMATION

Debt-to-equity ratio

Our debt-to-equity ratio was approximately 117.5% as at 31 March 2016, while we were no longer in net debt position as at 31 March 2017 as the aggregate of our bank balances and cash has exceeded our borrowing level as at 31 March 2017. The improvement in our debt-to-equity ratio was principally attributable to the decrease in our borrowing level and increase in bank balances and cash of approximately HK\$15.6 million during the financial year ended 31 March 2017. Our debt-to-equity ratio of approximately 20.3% as at 31 July 2017 was as a result of the decrease in bank balances and cash of approximately HK\$20.1 million and decrease in our borrowing level for the four months ended 31 July 2017.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital expenditures

During the Track Record Period, our capital expenditures mainly comprised purchases of fixed assets of approximately HK\$0.3 million, HK\$1.0 million and HK\$0.1 million for the financial years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. We principally funded our capital expenditures through internal resources.

Operating lease commitments

During the Track Record Period, our Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of our rental premises which fall due as follows:

	As at 31 March		As at 31 July
	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	1,188	1,433	1,301
In the second to fifth years inclusive	963	274	43
	2,151	1,707	1,344

The leases are generally negotiated for lease terms ranging from one to four years with fixed monthly rentals.

Capital Commitments

As at 31 March 2016, 31 March 2017 and 31 July 2017, our Group had no material capital commitments.

FINANCIAL INFORMATION

OFF-BALANCE SHEET TRANSACTIONS

Except for the surety bonds as disclosed under the paragraph headed “Indebtedness” above, our Directors confirm that our Group had not entered into any material off-balance sheet transactions or arrangements during the Track Record Period.

LISTING EXPENSES

The total listing expenses in relation to the Share Offer, primarily consisting of underwriting fees and commission and fees paid and payable to professional parties for their services rendered in relation to the Listing and Share Offer, are estimated to be approximately HK\$22.9 million (based on the mid-point of the indicative Offer Price range of HK\$0.75 per Offer Share). Among the estimated total listing expenses, (i) approximately HK\$8.5 million is expected to be accounted for as a deduction from equity upon Listing; and (ii) approximately HK\$14.4 million is expected to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income, of which approximately HK\$2.5 million had been recognised for the financial year ended 31 March 2017 and the remaining balance of approximately HK\$11.9 million is expected to be recognised for the year ending 31 March 2018.

The amount of the listing expenses is a current estimate for reference only and the final amount to be recognised in the consolidated financial statements of our Group for the year ending 31 March 2018 is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 March 2018 is expected to be adversely affected by the listing expenses mentioned above, the nature of which are non-recurring.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in note 26 to the Accountants’ Report to Appendix I to this prospectus, our Directors are of the view that each transaction set forth therein were conducted in accordance with terms as agreed between us and the respective related parties, were conducted on normal commercial terms and an arm’s length basis and did not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

FINANCIAL INFORMATION

DIVIDEND AND DISTRIBUTABLE RESERVES

We currently do not have a dividend policy. The declaration and payment of dividends and the amount of dividends in future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant and there is no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. During the financial years ended 31 March 2016 and 2017, DCB paid dividends of HK\$0.5 million and HK\$5.0 million, to its then shareholders, respectively. During the four months ended 31 July 2017, DCB declared a dividend of HK\$3.0 million which was settled by internal resources in January 2018. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment. The past dividend distribution record should not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

Our Company had no distributable reserve available for distribution to the Shareholders as at 31 March 2016, 31 March 2017 and 31 July 2017.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which could give rise to a disclosure obligation pursuant to Rules 17.15 to 17.21 of the GEM Listing Rules.

FINANCIAL RISK MANAGEMENT

The major financial risks arising from our Group's normal course of business include interest rate risk, credit risk and liquidity risk. For details, please refer to note 30(b) "Financial risk management objectives and policies" to the Accountants' Report set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS PER SHARE

The unaudited pro forma adjusted consolidated net tangible assets per Share as if the Share Offer had taken place on 31 July 2017 would be approximately HK\$0.20 (assuming an Offer Price of HK\$0.625 per Offer Share) and approximately HK\$0.26 (assuming an Offer Price of HK\$0.875 per Offer Share), respectively.

For details, see the section headed "Unaudited Pro Forma Financial Information" set out in Appendix II to this prospectus.

FINANCIAL INFORMATION

POST BALANCE SHEET EVENTS

Please refer to the section headed “Summary — Listing expenses and recent developments subsequent to the Track Record Period” in this prospectus and “Subsequent events” in note 34 to the Accountants’ Report set out in Appendix I to this prospectus. Our Directors further confirm that they are not aware of any material delay in our projects, cancellation of orders, any material default in payment by our customers, from 31 July 2017 up to the Latest Practicable Date.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Please refer to the section headed “Summary — Listing expenses and recent developments subsequent to the Track Record Period” in this prospectus for details.

FUTURE PLANS AND USE OF PROCEEDS

REASONS FOR AND BENEFITS OF THE LISTING

Our Group has operated in the fitting-out and renovation industry since its establishment in 2008. We have created a successful track record of fitting-out and renovation projects and have gradually developed into providing fitting-out and renovation services on a larger scale to (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovations projects; and (iii) owners or tenants of properties. According to the Euromonitor Report, our Group had approximately 0.6% market share in fitting-out and renovation works in Hong Kong in 2016. Further, according to the same report, revenue receipts for fitting-out and renovation works in Hong Kong is expected to grow from HK\$36.5 billion in 2017 to HK\$49.9 billion in 2021, representing a CAGR of 8.1%. Our Directors believe that by increasing our Group's available working capital and project team capacity we are well positioned to capture a larger market share of the fitting-out and renovation industry in Hong Kong.

After the Track Record Period and up to the Latest Practicable Date, we had submitted tenders for 22 invitations. Brief details of the 22 tenders submitted are as follows:

	Project description	Nature of work	Tender date
1.	Clubhouse and lobby at Long Ping	Fitting out work	August 2017
2.	Houses at Tuen Mun	Fitting out work	August 2017
3.	Carpark basement at residential development in Shatin	Fitting out work	August 2017
4.	Marble rectification and polishing works at Tsing Fat Lane	Fitting out work	August 2017
5.	House at Pik Sha Road	Fitting out work	August 2017
6.	Micro-unit mock up at Kwai Chung	Renovation work	August 2017
7.	Clubhouse and main lobbies at Tuen Mun	Fitting out work	September 2017
8.	Feature wall at Yuen Long	Renovation work	September 2017
9.	Sales show room at Repulse Bay Road	Renovation work	September 2017
10.	Decorative screen at gym at Tseung Kwan O	Renovation work	September 2017
11.	Shopping mall lavatory at Kwun Tong	Renovation work	September 2017
12.	Club house and lobby of residential building at Tuen Mun	Fitting out work	October 2017
13.	Office at Quarry Bay	Fitting out work	October 2017
14.	Shopping mall at Kwai Chung	Renovation work	October 2017
15.	Houses at Tuen Mun	Fitting out work	October 2017
16.	Office at Shatin	Renovation work	November 2017
17.	Sales office and show flats at Central	Renovation work	December 2017
18.	Show house at Kowloon Tong	Fitting out work	January 2018
19.	Show house at Sai Kung	Fitting out work	January 2018
20.	Toilet of a shopping mall at Tsuen Wan	Renovation work	January 2018
21.	Houses at Tuen Mun	Fitting out work	January 2018
22.	Washroom of a shopping mall at Shatin	Renovation work	January 2018

FUTURE PLANS AND USE OF PROCEEDS

The aggregate tendered amounts for the above 22 projects is approximately HK\$392.6 million. Among such 22 projects, there are (i) two projects the tendered amount of each of which is less than HK\$1 million; (ii) six projects the tendered amount of each of which is no less than HK\$1 million but is less than HK\$10 million; (iii) thirteen projects the tendered amount of each of which is no less than HK\$10 million but is less than HK\$50 million; and (iv) one project the tendered amount is more than HK\$50 million but is less than HK\$100 million. As at the Latest Practicable Date, we are still waiting for the results from the 22 tenders submitted after the Track Record Period.

After the Track Record Period and up to the Latest Practicable Date, we were awarded a total of five Major Projects, which are two Major Fitting-out Projects and three Major Renovation Projects with a total contract sum of approximately HK\$139.1 million.

After the Track Record Period and up to the Latest Practicable Date, we had declined one invitation to submit the tender for fitting-out works with an estimated project amount of about HK\$12 million due to insufficient staffing capacity.

As at 30 November 2017, our unaudited bank balances and cash amounted to approximately HK\$10.9 million. Our currently available financial resources has constrained our Group's ability to undertake more larger scale projects. It is our Group's business strategy to seek new opportunities to expand its fitting-out and renovation works and focus on large-size and high-end projects in Hong Kong as discussed in the section headed "Business — Business Strategies" in this prospectus. For reference, the weighted average ratio of start-up costs for the first four months of project implementation to contract sum ("**Start-up Cost Ratio**") of our projects awarded for the two financial years ended 31 March 2017 with an individual contract sum of not less than HK\$10.0 million is estimated to be approximately 10.1%, and the range of which was approximately 2.0% to 29.8%. While the amount of start-up costs varies among projects, for illustrative purpose only, it is estimated that the allocated net proceeds from the Share Offer of approximately HK\$17.0 million (based on the mid-point of the indicative Offer Price range of HK\$0.75 per Offer Share) can be used to fund the start-up costs of our prospective projects with an aggregate contract sum of approximately HK\$168.3 million, applying the weighted average Start-up Cost Ratio of approximately 10.1% as discussed above.

As at 31 March 2016, 31 March 2017 and 31 July 2017, we employed 22, 31 and 37 project management staff (including project directors, project managers, assistant project managers, site coordinators, site supervisors, safety supervisor and draftsman) and quantity surveying staff, respectively. Even though we have been able to successfully complete 29 Major Projects during the Track Record Period and up to the Latest Practicable Date, we believe that we are limited in the total number of Major Projects that we are able to undertake at any one time due to the current level of staff number. We believe that by increasing our project management staff and quantity surveying staff will in turn increase our internal capacity to cope with our business expansion plan and is in line with our business strategies to undertake more large-scale projects, each with a contract sum of not less than HK\$10.0 million.

FUTURE PLANS AND USE OF PROCEEDS

Furthermore, our financial standing is one of the major consideration factors for our customers during the tender assessment process. During the pre-qualification/tender process for some projects, particularly the larger sized ones, we are required by our customers to demonstrate that we have sufficient financial resources to undertake the project and we may be requested to provide our audited accounts, statement of outstanding workload (including the annual and outstanding contract value) and our working capital position for such purpose. Our customers' assessment criteria will include whether our available financial resources are sufficient to manage the new projects and our commitment on other projects on hand, when considering whether to award us the contracts. If we start to plan for any fund raising only after we are invited to submit a pre-qualification application/tender, given the time required to raise funds against the time required to respond to the pre-qualification application/invitation to tender, we would most likely lose the business opportunity. Therefore, we must strengthen our financial position and enlarge our capital base before we could pursue new project opportunities for expanding the present scale of our business turnover. In order to reduce our gearing ratio and finance cost, we intend to apply part of our net proceeds for repayment of current bank borrowings of our Group with details set out below:

	Outstanding amount as at 30 November 2017	Annual effective interest rate	Maturity
Bank borrowings	HK\$24.4 million	HIBOR +2% to 2.5%	Repayable on demand

The bank borrowings of approximately HK\$24.4 million was mainly used for tax payment (approximately HK\$4.4 million) and settlement of amounts due to sub-contractors and material suppliers for four Major Projects on hand, namely, fitting-out works for a private housing estate (approximately HK\$8.1 million), renovation works for houses at a private estate in Tai Tam (approximately HK\$5.6 million), renovation works for a hotel in Tsuen Wan (approximately HK\$1.7 million) and fitting-out works for units of residential building at Tuen Mun (approximately HK\$1.1 million).

Accordingly, we can strengthen our capital base while at the same time reduce our finance costs by applying the net proceeds under the Share Offer and it is considered to be viable and beneficial for us.

FUTURE PLANS AND USE OF PROCEEDS

Taking in consideration the above, our Directors believe that the listing of the Shares on GEM will facilitate the implementation of our business strategies as stated in the section headed “Business — Business Strategies” in this prospectus as well as:

- (i) the net proceeds from the Share Offer will provide additional financial resources to our Group to allow for our Group to expand our capacity to tender for more projects and in larger scale which will further strengthen our market position and expand our market share in the fitting-out and renovation industry in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we have rejected eight tenders. Further, as at 30 November 2017, our Group has unrestricted and unpledged unaudited bank balances and cash of approximately HK\$10.9 million which has been earmarked for recently awarded projects and tenders submitted and although our Group has obtained banking facilities from banks, the aggregate credit limit of these facilities is only limited and cannot meet the magnitude of funds that could be raised through the Share Offer and our Directors consider that the unutilised banking facilities should more appropriately be utilised for contingencies. As such, we are constrained by the limited cash to tender for more projects and strengthening our capital base by raising funds under the Share Offer is considered to be viable and beneficial for us;
- (ii) the Listing will also enhance our corporate profile and assist us in reinforcing our brand awareness and market reputation. We believe that a public listing status on GEM is a complementary marketing means for our Group to potential investors and customers and can enhance our corporate profile and our credibility with the public and potential business partners;
- (iii) the Listing will provide our Group with additional avenues to raise capital for our future business expansion and long-term development, and to access to capital markets for future secondary fund raising through the issuance of shares and debt securities of our Company, which can provide funding source to cater for our Group’s further expansion plans as and when necessary. Whilst our Group was able to support our capital requirements using internally generated funds and bank borrowings during the Track Record Period and had been able to repay bank borrowings and our trade payables when they fell due in the past, our Group still plans to seek equity financing through the Listing instead of solely relying on debt financing due to the fact that the financing cost of bank borrowings are usually relatively higher for private companies and banks would usually require guarantees from our Shareholders for securing the bank borrowings. This significantly hinders the development and expansion of our business. By contrast, equity financing does not involve recurring interest expenses and fund raised from equity financing is committed source of fund without maturity and poised to be utilised anytime. In light of this, the reliance on bank borrowings to finance our operations will inevitably place significant financial burdens on our Group. Our Directors believe that the listing status will enable us to gain bargaining power in obtaining bank financing and surety bonds for our projects with more favourable terms in the future. Ultimately, the Listing will allow us to reduce our gearing ratio and our financial reliance on debt financing;

FUTURE PLANS AND USE OF PROCEEDS

- (iv) the Listing may expand and diversify our capital base and Shareholders base as institutional funds and retail investors in Hong Kong can easily participate in the equity of our Company. We also believe that our internal control and corporate governance practices could be further enhanced following the Listing;
- (v) the Listing will enable our Company to offer an equity-based incentive program (such as the Share Option Scheme) to our employees that more directly correlates to their performance. We would therefore be in a better position to motivate our employees using our Shares as a means of reward and to create a team of eager and enthusiastic staff with incentive programs that are closely aligned with the objective of creating value for our Shareholders. The listing status will also help raise staff confidence. It will improve our ability to recruit, motivate and retain key management personnel so as to expediently and effectively capture any business opportunities that may arise.

The Listing expenses represent approximately 38.2% of the gross proceeds of the Share Offer to be received by the Company (based on the mid-point of the indicative Offer Price range of HK\$0.75 per Offer Share). It should be emphasised that our Group did not pursue the Listing solely for the net proceeds from the Share Offer. Instead, the Listing provides a jump board that enables us to achieve long-term benefits for our continuing development. Therefore, our Directors consider the Listing exercise as a whole to be cost effective.

Accordingly, our Directors are of the view that it is necessary and appropriate for our Company to conduct a fund raising exercise to fulfil our business plans and future growth.

OUR BUSINESS STRATEGIES

Our business objective is to enhance our market share in the fitting-out and renovation industry in Hong Kong. For details of our business strategies, please refer to the section headed “Business — Business Strategies” in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

IMPLEMENTATION PLAN

Our Directors have drawn up an implementation plan for the period up to 31 March 2020 with a view to achieving our business objective. The detailed implementation plan and expanded timetable are set out below.

Bases and Assumptions

Investors should note that the following implementation plans are formulated on the bases and assumptions below:

- (i) there will be no material change in the existing political, legal, fiscal, market or economic conditions in Hong Kong or any part of the world relating or applicable to us;
- (ii) there will be no material change in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;
- (iii) the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus;
- (iv) our Directors and key senior management will continue to be involved in the development of our existing and future development and we will be able to retain our key management personnel and to recruit additional key management personnel when required;
- (v) we will not be materially and adversely affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus;
- (vi) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate; and
- (vii) we will be able to continue our operations in substantially the same manner as we had been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way.

The above bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section "Risk Factors" in this prospectus. Our actual course of business may vary from the business objective set out in this prospectus. There is no assurance that our plans will materialise in accordance with our expected time frame or that our objective will be accomplished. Whilst the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the following implementation plans.

FUTURE PLANS AND USE OF PROCEEDS

Implementation Plan

From the Latest Practicable Date to 31 March 2018

Business strategy	Implementation activities	Source of funding	
		Net proceeds from the Share Offer (HK\$ million)	Internal resources (HK\$ million)
Expand our Group's business in the fitting-out and renovation industry	• Payment of upfront costs for new projects	HK\$1.1	Nil
	• Rental of additional office space	HK\$0.1	Nil
	• Purchase one new vehicle	HK\$0.5	Nil
	• Purchase new computer hardware and software	HK\$0.6	Nil
Further expand our in-house team and capacity to cope with future business opportunities	• Recruit the following staff	HK\$0.4	Nil
	– 1 project manager		
	– 2 assistant project managers		
	– 1 quantity surveyor		
	– 2 project coordinators and		
– 2 site supervisors			
• Provide additional external training to staff	HK\$0.6	Nil	
Reduce gearing ratio by repaying bank borrowings	• Repayment of loans	HK\$6.4	Nil
	Total	HK\$9.7	Nil

FUTURE PLANS AND USE OF PROCEEDS

From the 1 April 2018 to 30 September 2018

Business strategy	Implementation activities	Source of funding	
		Net proceeds from the Share Offer <i>(HK\$ million)</i>	Internal resources <i>(HK\$ million)</i>
Expand our Group's business in the fitting-out and renovation industry	• Payment of upfront costs for new projects	HK\$6.5	Nil
	• Rental of office space	HK\$0.3	Nil
	• Purchase one new vehicle	HK\$0.5	Nil
	• Purchase new computer hardware and software	HK\$0.1	Nil
Further expand our in-house team and capacity to cope with future business opportunities	• Continued employment of additional hired staff	HK\$1.2	Nil
	• Provide additional external training to staff	HK\$0.2	Nil
	Total	HK\$8.8	Nil

From the 1 October 2018 to 31 March 2019

Business strategy	Implementation activities	Source of funding	
		Net proceeds from the Share Offer <i>(HK\$ million)</i>	Internal resources <i>(HK\$ million)</i>
Expand our Group's business in the fitting-out and renovation industry	• Payment of upfront costs for new projects	HK\$6.5	Nil
	• Rental of office space	HK\$0.4	Nil
Further expand our in-house team and capacity to cope with future business opportunities	• Continued employment of additional hired staff	HK\$1.2	Nil
	• Provide additional external training to staff	HK\$0.2	Nil
	• Recruit the following staff: – 1 project manager – 2 assistant managers – 1 quantity surveyor – 2 project coordinators and – 2 site supervisors	Nil	HK\$1.2
	Total	HK\$8.3	HK\$1.2

FUTURE PLANS AND USE OF PROCEEDS

From the 1 April 2019 to 30 September 2019

Business strategy	Implementation activities	Source of funding	
		Net proceeds from the Share Offer (HK\$ million)	Internal resources (HK\$ million)
Expand our Group's business in the fitting-out and renovation industry	• Payment of upfront costs for new projects	HK\$2.9	Nil
	• Rental of office space	HK\$0.4	Nil
Further expand our in-house team and capacity to cope with future business opportunities	• Continued employment of additional hired staff	HK\$1.2	HK\$1.2
	• Provide additional external training to staff	HK\$0.3	Nil
	Total	HK\$4.8	HK\$1.2

From the 1 October 2019 to 31 March 2020

Business strategy	Implementation activities	Source of funding	
		Net proceeds from the Share Offer (HK\$ million)	Internal resources (HK\$ million)
Expand our Group's business in the fitting-out and renovation industry	• Rental of office space	HK\$0.4	Nil
Further expand our in-house team and capacity to cope with future business opportunities	• Continued employment of additional hired staff	HK\$1.5	HK\$1.5
	Total	HK\$1.9	HK\$1.5

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

Our Directors consider that net proceeds from the Share Offer are crucial for financing our Group's business strategies. Details of our corporate strategies and business plans are set forth in the section headed "Business — Business Strategies" in this prospectus. 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\$37.1 million based on an Offer Price of HK\$0.75 per Offer Share (being the mid-point of the Offer Price range between HK\$0.625 and HK\$0.875 per Offer Share). It is at present intended that the net proceeds will be applied as follows:

- approximately HK\$20.3 million or approximately 54.7% of the net proceeds will be used to expand our Group's business in the fitting-out and renovation industry;
- approximately HK\$6.8 million or approximately 18.3% of the net proceeds will be used to further expand our in-house team and capacity to cope with future business opportunities;
- approximately HK\$6.4 million or approximately 17.3% of the net proceeds will be used to reduce our Group's gearing ratio by repayment of bank borrowings; and
- approximately HK\$3.6 million or approximately 9.7% of the net proceeds will be used as general working capital of our Group.

If the Offer Price is set at the high-end of the indicative Offer Price range at HK\$0.875 per Share, the net proceeds from the Share Offer will increase by approximately HK\$10.0 million. If the Offer Price is set at the low-end of the indicative Offer Price range, at HK\$0.625 per Share, the net proceeds from the Share Offer will decrease by approximately HK\$10.0 million. If the Offer Price is finally determined to be either more or less than expected, our Group will adjust the proposed use of net proceeds on a pro rata basis and will finance any shortfall by internal cash resources, working capital and/or other financing, as and when appropriate.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds will be placed as short-term deposits with authorised banks and/or financial institutions in Hong Kong. Our Directors consider that the net proceeds from the Share Offer together with the internal resources of our Group will be sufficient to finance the implementation of our Group's business plans as set out in the section headed "Business — Business Strategies" of this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

Investors should be aware that any part of the business plans of our Group may or may not proceed according to the timeframe as described under the section headed “Business — Business Strategies” in this prospectus due to various factors such as changes in customers’ demand and changes in market conditions. Under such circumstances, our Directors will evaluate carefully the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Hong Kong until the relevant business plan materialises.

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Share Offer (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme) and the Capitalisation Issue:

		Nominal value
		<i>HK\$</i>
Authorised share capital:		
<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000</u>
		Nominal value
		<i>HK\$</i>
Shares issued and to be issued, fully paid or credited as fully paid:		
100	Shares in issue as at the date of this prospectus	1
239,999,900	Shares to be issued pursuant to the Capitalisation Issue	2,399,999
80,000,000	New Shares to be issued under the Share Offer	800,000
<u>320,000,000</u>	Total	<u>3,200,000</u>

ASSUMPTIONS

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Share Offer and Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the 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 (as defined in the GEM Listing Rules).

SHARE CAPITAL

RANKINGS

The Offer Shares will be 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 mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

GENERAL MANDATE TO ISSUE NEW SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with an aggregate number of Shares of not more than the sum of:

- (1) 20% of the number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and
- (2) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to our Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of 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:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable Cayman Islands laws or the Articles to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in the section headed "Statutory and General Information — Further Information about our Company — 4. Resolutions in writing of all our Shareholders passed on 19 January 2018" in Appendix IV to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total nominal amount of not more than 10% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the any options that may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed “Statutory and General Information — Further Information about our Company — 6. Repurchase by our Company of our own securities” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company’s next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable Cayman Islands laws or the Articles to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Further information on this general mandate is set out in the section headed “Statutory and General Information — Further Information about our Company — 4. Resolutions in writing of all our Shareholders passed on 19 January 2018” in Appendix IV to this prospectus.

SHARE OPTION SCHEME

Pursuant to the written resolutions of all our Shareholders dated 19 January 2018, we conditionally adopted the Share Option Scheme. Summaries of the principal terms of the Share Option Scheme are set out in the section headed “Statutory and General Information — Share Option Scheme — 15. Share Option Scheme” in Appendix IV to this prospectus.

SHARE CAPITAL

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Islands Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of Shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Islands Companies Law, reduce its share capital or capital redemption reserve by its Shareholders passing special resolution. For further details, please refer to the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — (a)(iii) Alteration of capital” in Appendix III to this prospectus.

Pursuant to the Cayman Islands Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to our Shares or any class of our Shares may 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 our Shares of that class. For further details, please refer to the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law — 2. Articles of Association — (a)(ii) Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Halcyon Securities Limited
Head & Shoulders Securities Limited
ChaoShang Securities Limited
Sun International Securities Limited
Easy One Securities Limited
Aurora Borealis Investment Services Limited
Ruibang Securities Limited
Grand Moore Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription by members of the public in Hong Kong of 8,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, severally, but not jointly (nor “jointly and severally”), on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, but without limitation, the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus. In addition, the Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for or procure subscribers for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Lead Managers (for themselves and on behalf of the other Public Offer Underwriters) may in their absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”) if prior to the Termination Time:

- (a) there has come to the notice of the Joint Lead Managers or any of the Public Offer Underwriters:
 - (i) any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any respect when given or

UNDERWRITING

repeated or there has been a breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party thereto (other than the Joint Lead Managers and the Public Offer Underwriters) which, in any such cases, is considered, in the sole and absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or

- (ii) any statement contained in this prospectus, the Application Forms, the formal notice issued or used by or on behalf of our Company in connection with the Share Offer (the “**PO Documents**”) and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become or been discovered to be untrue, incorrect or misleading in any respect or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the PO Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumption which is considered, in the sole and absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or
- (iii) any event, series of events, matter or circumstance occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being an event, matter or circumstance which, if it had occurred before the date of the Public Offer Underwriting Agreement, would have rendered any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and which is considered, in the sole and absolute opinion of the Joint Lead Managers, to be material in the context of the Share Offer; or
- (iv) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Joint Lead Managers, a material omission in the context of the Share Offer; or
- (v) any event, act or omission which gives or is likely to give rise to any liability of our Company or any of the executive Directors or our Controlling Shareholders arising out of or in connection with the breach of any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or

UNDERWRITING

- (vi) any adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, earnings or expenses, liquidity, capital expenses, capital resources or performance of our Company and the other members of our Group; or
 - (vii) any breach by any party to the Public Offer Underwriting Agreement (other than the Joint Lead Managers and the Public Offer Underwriters) of any provision of the Public Offer Underwriting Agreement which, in the sole and absolute opinion of the Joint Lead Managers, is material; or
 - (viii) any person (other than the Joint Lead Managers, the Joint Bookrunners, the Sole Sponsor or any of the Public Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the PO Documents and supplemental offering materials thereto (including any other documents published or issued on behalf of our Company for the purposes of or in connection with the Share Offer) (the "**Offer Documents**") or to the issue of any of the Offer Documents; or
 - (ix) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (x) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer; or
- (b) there shall have developed, occurred, existed, or come into effect any event or series of events, matter or circumstance whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
- (i) any new law or regulation or any change in existing laws or regulations, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, BVI, the Cayman Islands or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business and/or operation of our Group (the "**Relevant Jurisdictions**"); or

UNDERWRITING

- (ii) any change in, or any event or series of events or development resulting or likely to result in any change or development or a prospective change in any local, regional, national or international financial, equity securities, currency, credit, political, military, industrial, economic, fiscal, regulatory, stock market or other market conditions or prospects in or affecting the Relevant Jurisdictions; or
- (iii) any change in the system under which the value of the HK dollars or Renminbi is linked to that of the U.S. dollars; or
- (iv) the imposition of any moratorium, suspension or restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in the Relevant Jurisdictions; or
- (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
- (vii) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the Relevant Jurisdictions; or
- (viii) a general moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance service in or affecting the Relevant Jurisdictions; or
- (ix) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, tsunami, fire, flood, explosion, epidemic, terrorism (whether or not responsibility has been claimed), strike or lock-out; or
- (x) 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 crisis involving or affecting the Relevant Jurisdictions; or
- (xi) a demand by any creditor for repayment or payment of any material indebtedness of any other member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

UNDERWRITING

- (xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xiii) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (xiv) any litigation or claim of importance of any third party being instigated or threatened against any member of our Group; or
- (xv) 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
- (xvi) our chairman or chief executive officer or chief financial officer/financial controller vacating his or her office; or
- (xvii) the commencement by any governmental, regulatory or political body or organisation in any relevant jurisdiction commencing any investigation or take other action, against any Director; or
- (xviii) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Share Offer; or
- (xix) a contravention by any member of our Group of the GEM Listing Rules or applicable laws; or
- (xx) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer for subscription of the Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws; or

UNDERWRITING

- (xxi) the issue of requirement to issue by our Company of any supplemental or amendment to the Prospectus (or to any other documents used in connection with the contemplated offer for subscription of the Offer Shares) pursuant to the Companies (WUMP) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC,

which, individually or in aggregate, in the sole and absolute opinion of the Joint Lead Managers (for themselves and on behalf of the other Public Offer Underwriters):

- (1) is or will be, or is likely to be, adverse to the business, financial, trading or other condition or prospects of our Group taken as a whole or any member of our Group; or
- (2) has or will have or is likely to have an adverse effect on the success of the Share Offer or the level of the Offer Shares being applied for or accepted, the distribution of the Offer Shares or the demand or market price of the Shares following the Listing; or
- (3) for any other reason makes it impracticable, inadvisable or inexpedient for the Underwriters to proceed with the Share Offer as a whole.

For the above purpose:

- (a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and
- (b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company, our executive Directors and the Controlling Shareholders will enter into the Placing Underwriting Agreement with the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Placing Underwriters in respect of the Placing, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

UNDERWRITING

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly (nor “**jointly and severally**”), agree to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 72,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and the Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Undertakings pursuant to the Public Offer Underwriting Agreement” below in this section.

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that during the period commencing from the Listing Date up to the date falling six months from the Listing Date, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the prescribed circumstances as stated in Rule 17.29 of the GEM Listing Rules.

Undertaking by Controlling Shareholders

Pursuant to Rule 13.16A of the GEM Listing Rules, our Controlling Shareholders have irrevocably and unconditionally undertaken to the Stock Exchange and our Company that he/she/it shall not and shall procure that the relevant registered Shareholder(s), any associates or companies controlled by our Controlling Shareholders or any nominees or trustees holding the Shares in trust for him/her/it (as the case may be) shall not:

- (a) in the period commencing on the date of this prospectus in relation to the Share Offer and ending on the date (the “**End Date**”) which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save for the circumstances as provided in Rule 13.18 of the GEM Listing Rules) in respect of, any of those Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owners; or

UNDERWRITING

- (b) at any time during the period of six months commencing from the End Date (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 for the circumstances as provided in Rule 13.18 of the GEM Listing Rules) in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder.

In addition to the undertakings pursuant to Rule 13.16A of the GEM Listing Rules, our Controlling Shareholders have further voluntarily and irrevocably undertaken to the Company for a further twelve months commencing on the date on which the period referred to in (b) above expires, not to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease either individually or taken together to be a Controlling Shareholder.

The above undertakings are irrevocable and cannot be waived by the consent (whether written or not) of our Company. For details, please refer to the paragraphs headed “Undertakings pursuant to the Public Offer Underwriting Agreement — Undertaking by our Controlling Shareholders” in this section below.

Our Controlling Shareholders have also irrevocably and unconditionally undertaken to the Stock Exchange and our Company respectively that, at any time during the period which is twelve months from the Listing Date, in the event that any of them or their close associates:

- (1) pledge or charge any direct or indirect interest in the Shares beneficially owned by him/her/it 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 or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rules 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the last day of the Second Six-Month Period, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (2) having pledged or charged any interest in the Shares under sub-paragraph (1) above, he/she/it must inform our Company immediately in event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares affected.

UNDERWRITING

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the GEM Listing Rules as soon as possible.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertaking by our Company

Pursuant to the Public Offer Underwriting Agreement, our Company has undertaken to and covenanted with each of the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters that, and each of our executive Directors and Controlling Shareholders has undertaken to the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters that he/she/it will procure that:

- (a) without the prior written consent of the Sole Sponsor and the Joint Lead Managers (for themselves and on behalf of the other Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) and unless in compliance with the requirements of the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules), except for the issue of the Offer Shares under the Share Offer, the Capitalisation Issue or upon the exercise of any option which may be granted under the Share Option Scheme at any time within the period commencing on the date by reference to which disclosure of the shareholding of our executive Directors and our Controlling Shareholders is made in this prospectus and ending on the date which falls six months from the Listing Date (the “**First Six-month Period**”), our Company will not (and our Company will procure none of the members of our Group will):
 - (i) accept subscription for, pledge, mortgage, charge, offer, allot, issue, agree to allot or issue, sell, lend, 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, lend or otherwise transfer or disposal of, either directly or indirectly, conditionally or unconditionally, or repurchase any of the share capital or other securities of the Company or any interest therein (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 any interest therein); or
 - (ii) enter into any swap, derivative, repurchase, lending, pledge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such share capital, including but not limited to rights as to voting, dividend or distribution, in cash or otherwise; or
 - (iii) enter into any transaction with the same economic effect as any of the transactions described in (i) or (ii) above; or

UNDERWRITING

- (iv) publicly disclose or announce any intention to enter into any of the foregoing transactions (whether or not such transaction will be completed in the aforesaid period); whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities, in cash or otherwise and in the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions; and

- (b) during the period of six months immediately following the First Six-month Period, our Company will take all reasonable steps to ensure that any such act will not create a disorderly or false market for the Shares or other securities of our Company.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has irrevocably undertaken to and covenanted with each of our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters that, unless in compliance with the requirements of the GEM Listing Rules, he/she/it shall not, and will procure that his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it not to:

- (a) at any time during the First Six-month Period:
 - (i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any Shares or debt capital or other securities of our Company or any interest therein (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 capital or securities or any interest therein) whether now owned or hereinafter acquired, directly or indirectly by any of our Controlling Shareholders (including holding as a custodian) or with respect to which any of our Controlling Shareholders has beneficial interest or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; 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 any such capital or securities or any interest therein or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or

UNDERWRITING

- (iii) enter into any transaction with the same economic effect as any of the transactions referred to in (i) or (ii) above; or
 - (iv) offer or agree or contract to, or publicly announce any intention to enter into, any of the transactions referred to in paragraph (i) or (ii) or (iii) above, whether any such transaction described in paragraph (i) or (ii) or (iii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise;
- (b) at any time during the period of eighteen months commencing from the expiry date of the First Six-month Period (the “**Eighteen-month Period**”), enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) or (a)(iv) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such sale, transfer or disposal, or upon the exercise or enforcement of such offer, pledge, charge, option, right, interests or encumbrances, our Controlling Shareholders would, taken together, cease to own more than 50.1% of the issued Shares of our Company; and
- (c) until the expiry of the Eighteen-month Period, in the event that any of our Controlling Shareholders enters into the foregoing transactions or agrees or contracts to, or publicly announces any intention to enter into any such transactions, he/she/it will take all reasonable steps to ensure that he/she/it will not create a disorderly or false market in the Shares or other securities of our Company.

The above undertakings are irrevocable and cannot be waived by the consent (whether written or not) of our Company, the Sponsor, the Joint Lead Managers, the Joint Bookrunners or the Public Offer Underwriters. Each of our Controlling Shareholders further undertakes to and covenants with each of our Company, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Public Offer Underwriters that:

- (i) in the event that he/she/it pledges or charges any of his/her/its direct or indirect interest in the Shares or other securities of our Company or interests or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution in the securities of the Company pursuant to Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange under Rule 13.18(4) of the GEM Listing Rules at any time before the expiry of the Eighteen-month Period, he/she/it must inform our Company, the Sole Sponsor, the Joint Lead Managers and the Public Offer Underwriters in writing immediately, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

UNDERWRITING

- (ii) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in or rights attaching to the securities of the Company will be sold, transferred or disposed of, or he/she/it becomes aware that such pledgee or chargee has disposed of or intends to dispose such interest, he/she/it shall immediately inform our Company, the Sole Sponsor, the Joint Lead Managers and the Public Offer Underwriters in writing of such indications or disposal and the number of Shares or other securities of the Company so involved.

Our Company will also inform the Stock Exchange as soon as our Company has been informed of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of announcement in accordance with Rule 17.43 of the GEM Listing Rules as soon as possible after being so informed by any of our Controlling Shareholders.

It is expected that similar undertakings will be given by our Company, our executive Directors and the Controlling Shareholders in favour of the Placing Underwriters under the Placing Underwriting Agreement.

Our Company, our Controlling Shareholders and our executive Directors have agreed to indemnify the Sole Sponsor, the Joint Lead Managers and the Public Offer Underwriters from certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company or our Controlling Shareholders or our executive Directors of the Public Offer Underwriting Agreement.

Commission and expenses

The Public Offer Underwriters will, and the Placing Underwriters are expected to, receive a commission of 7.0% of the aggregate Offer Price payable for the Offer Shares underwritten by them, out of which they shall pay any sub-underwriting commissions.

The underwriting commission, documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Share Offer, assuming an Offer Price of HK\$0.75 (being the mid-point of the indicative Offer Price range), are estimated to amount to approximately HK\$22.9 million in total, and are payable by our Company.

UNDERWRITING

SOLE SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Joint Lead Managers and the other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set out in the paragraph headed "Underwriting arrangements and expenses — Commission and expenses" above in this section.

We have appointed Halcyon 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 we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the year ending 31 March 2020.

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Share Offer.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 6A.07 of the GEM Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Joint Lead Managers will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23(7) of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

Share Offer

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises:

- (a) the Public Offer of 8,000,000 Offer Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed “The Public Offer” below; and
- (b) the Placing of 72,000,000 Offer Shares (subject to reallocation as mentioned below) to professional, institutional and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong as described below in the paragraph headed “The Placing” below.

Investors may apply for Public Offer Shares under the Public Offer or apply for or indicate an interest for Placing Shares under the Placing, but may not do both.

The 80,000,000 Offer Shares in the Share Offer will represent 25% of the total issued 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 upon the exercise of any options which may be granted under the Share Option Scheme.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 8,000,000 Public Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent 2.5% of the total issued share capital of our Company immediately following the completion of the Share Offer. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. 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.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Structure and Conditions of the Share Offer — Conditions of the Public Offer” below.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Basis of Allocation

Allocation of Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares. In addition, multiple or suspected multiple application under the Public Offer and any application for more than 8,000,000 Public Offer Shares are liable to be rejected (being 100% of the initial number of Public Offer Shares).

Reallocation

The total number of Offer Shares to be issued pursuant to the Public Offer and Placing may change as a result of the clawback arrangement as described above in “The Public Offer — Reallocation” and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) if the number of the Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 24,000,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Share Offer;
- (b) if the number of the Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of the number of Offer Shares available under the Public Offer will be 32,000,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Share Offer; and
- (c) if the number of the Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 40,000,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making 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 Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Placing Shares under the Placing.

Applicants under the Public Offer are required to pay, on application, the maximum price of HK\$0.875 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "Structure and Conditions of the Share Offer — The Placing — Price Determination of the Share Offer" in this prospectus, is less than the maximum price of HK\$0.875 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

THE PLACING

Number of Offer Shares offered

The Placing will consist of an initial offering of 72,000,000 Offer Shares, representing 90.0% of the total number of Offer Shares initially available under the Share Offer and approximately 22.5% of the total issued share capital immediately after completion of the Share Offer and the Capitalisation Issue. The Placing will be offered by us to professional, institutional and individual investors in Hong Kong.

Allocation

The Placing will include selective marketing of the Placing Shares to institutional and other investors anticipated to have a sizeable demand for the Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Price Determination of the Share Offer" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Joint Lead Managers (for themselves and on behalf of the other Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Lead Managers so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of the Public Offer Shares under the Public Offer.

Price Determination of the Share Offer

The Placing Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, 6 February 2018, and in any event on or before Monday, 12 February 2018, by agreement between the Joint Lead Managers (for themselves and on behalf of the other Underwriters), and our Company and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter. If for any reason, the Offer Price is not agreed by Monday, 12 February 2018 between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), the Share Offer will not proceed and will lapse.

The Offer Price will not be more than HK\$0.875 per Share and is expected to be not less than HK\$0.625 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. 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 indicative Offer Price range stated in this prospectus.

The Joint Lead Managers (for themselves and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of our Company at www.dcb.com.hk and the website of the Stock Exchange at www.hkexnews.hk a notice of the reduction and to be issued a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range, extend the period under which the Public Offer was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

potential investors who had applied for the Public Offer Shares the right to withdraw their applications under the Public Offer. Upon issue of such a notice and a supplemental prospectus, 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 Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company, will be fixed within such revised offer price range. Such notice and supplemental prospectus will include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. In the event there is a reduction in the Offer Shares and/or indicative Offer Price range, if the applicants have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, they will be allowed to subsequently withdraw their applications. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Share Offer accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK\$37.1 million, assuming an Offer Price per Share of HK\$0.75 (being the mid-point of the indicative Offer Price range). See section headed "Future Plans and Use of Proceeds" in this prospectus for details.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be announced on Tuesday, 13 February 2018 on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.dcb.com.hk.

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters. The Public Offer and the Placing are subject to the conditions described in the section headed "Underwriting" in this prospectus. In particular, we and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), must agree on the Offer Price for the Share Offer. The Public Offer Underwriting Agreement was entered into on Tuesday, 30 January 2018 and, is subject to an agreement on the Offer Price between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and us for the purposes of the Public Offer. The Placing Underwriting Agreement including the agreement on the Offer Price among us and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) is expected to be entered into on or about Tuesday, 6 February 2018, being the Price Determination Date. The Public Offer and the Placing Underwriting Agreement are inter-conditional upon each other.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. If the Stock Exchange grants the listing of and permission to deal in the Shares and our Company complies 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 HKSCC chooses. 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 necessary arrangements have been made for the Shares to be admitted into CCASS.

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 stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interest.

Details of the Share Offer will be announced in accordance with Rules 10.12(f), 16.08 and 16.16 of the GEM Listing Rules.

Our Company expects to announce the level of indication of interest in the Share Offer on or before Tuesday, 13 February 2018 on our Company's website at www.dcb.com.hk and the Stock Exchange at www.hkexnews.hk.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

- (i) the Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein including any Shares which may fall to be issued upon the exercise of the options that may be granted under the Share Option Scheme;
- (ii) the Offer Price having been fixed on or about the Price Determination Date;
- (iii) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and the Placing Underwriting Agreement not being terminated in accordance with its terms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If, for any reason, the Offer Price is not agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

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 on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.dcb.com.hk on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for the Public Offer Shares — 13. Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Shares are expected to be issued on Tuesday, 13 February 2018 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 14 February 2018 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Public Offer — Grounds for Termination” in this prospectus has not been exercised.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on Wednesday, 14 February 2018. Shares will be traded in board lots of 5,000 Shares each and are freely transferable.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- 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 Sponsor, the Joint Lead Managers, 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 US 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: (i) have a valid Hong Kong identity card number and (ii) 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.

If an application is made by a person under a power of attorney, the Sole Sponsor or the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **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 connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- an associate (as defined in the GEM Listing Rules) of any of the above; or
- have been allocated or have applied for 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.

Where to Collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 January 2018 until 12:00 noon on Monday, 5 February 2018 from:

- (i) Halcyon Securities Limited at 11th Floor, 8 Wyndham Street, Central, Hong Kong
- (ii) Head & Shoulders Securities Limited at Room 2511, 25/F, Cosco Tower, 183 Queen's Road Central, Hong Kong
- (iii) ChaoShang Securities Limited at Room 4001-2, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (iv) Sun International Securities Limited at Unit 2412-13, 24/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
- (v) Easy One Securities Limited at Room 2106B & 2108-9, Wing On Center, 111 Connaught Road Central, Hong Kong
- (vi) Aurora Borealis Investment Services Limited at Room 302, Haiphong Mansion, 101 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong
- (vii) Ruibang Securities Limited at 9/F, Sang Woo Building, 227-228 Gloucester Road, Wanchai, Hong Kong
- (viii) Grand Moore Capital Limited at Unit 1607, 16/F, Silvercord Tower 1, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong
- (ix) any of the following branches of **Standard Chartered Bank (Hong Kong) Limited**

District	Branch Name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building 4-4A Des Voeux Road Central Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	North Point Centre Branch	Shop G, G/F, North Point Centre 284 King's Road, North Point
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F 617-623 Nathan Road Mongkok
New Territories	Fotan Branch	Bank No. 3, 1/F, Shatin Galleria 18-24 Shan Mei Street Fo Tan, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 January 2018 until 12:00 noon on Monday, 5 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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 "**Horsford Nominees Limited — DCB 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:

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 5:00 p.m.
Saturday, 3 February 2018	–	9:00 a.m. to 1:00 p.m.
Monday, 5 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 Monday, 5 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.

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 Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Law, Companies (WUMP) Ordinance, the Companies Ordinance and the Memorandum and 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;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the 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, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the 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;
- (ix) (if the laws of any place outside Hong Kong apply to your application) agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the 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 US Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States of America (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;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (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 Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC 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; 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 SERVICES

General

Individuals who meet the criteria in the paragraph headed “Who can apply”, may apply through the **HK eIPO White Form** service for the 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, 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**.

Time for Submitting Applications under the HK eIPO White Form service

You may submit your application through 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 Wednesday, 31 January 2018 until 11:30 a.m. on Monday, 5 February 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 5 February 2018 or such later time under the paragraph headed “10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** 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 instructions** 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Section 40 of the Companies (WUMP) 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) 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.cass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F., One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
 - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the 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 Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) 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;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance, Companies 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
- 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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 5,000 Public Offer Shares. Instructions for more than 5,000 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:

Wednesday, 31 January 2018	–	9:00 a.m. to 8:30 p.m.	^(Note 1)
Thursday, 1 February 2018	–	8:00 a.m. to 8:30 p.m.	^(Note 1)
Friday, 2 February 2018	–	8:00 a.m. to 8:30 p.m.	^(Note 1)
Saturday, 3 February 2018	–	8:00 a.m. to 1:00 p.m.	^(Note 1)
Monday, 5 February 2018	–	8:00 a.m.	^(Note 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 Wednesday, 31 January 2018 until 12:00 noon on Monday, 5 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 Monday, 5 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.

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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Section 40 of the Companies (WUMP) 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) 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 Joint Bookrunners, the Joint Lead Managers, the 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** 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 Joint Bookrunners, 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** will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 5 February 2018.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **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 dealings 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).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for 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 5,000 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 5,000 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.

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 section headed “Structure and Conditions of the Share Offer” in this prospectus.

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. and 12:00 noon on Monday, 5 February 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 5 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 13 February 2018 on our Company's website at www.dcb.com.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 (where appropriate) 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.dcb.com.hk and the Stock Exchange's website at www.hkexnews.hk by no later than Tuesday, 13 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 Tuesday, 13 February 2018 to 12:00 midnight on Wednesday, 21 February 2018;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 13 February 2018 to Tuesday, 20 February 2018 on a business day (excluding Saturday, Sunday and public holiday); and
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 13 February 2018 to Thursday, 15 February 2018 at all the receiving bank's designated branches on a business day.

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" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(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 and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** are not completed in accordance with the instructions, terms and conditions on the designated website;
- our payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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\$0.875 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading Fee thereon), or if the conditions of the Public Offer set out in the section headed “Structure and Conditions of the Share Offer — Conditions of the Public Offer” in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 13 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 the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the firstnamed 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 THE 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 Tuesday, 13 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 order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 14 February 2018 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 Tuesday, 13 February 2018 or such other date as notified by the Company on the website of the Stock Exchange at www.hkexnews.hk or the website of the Company at www.dcb.com.hk.

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 Tuesday, 13 February 2018, by ordinary post and at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(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 your 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 Tuesday, 13 February 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 13 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 apply 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 Tuesday, 13 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

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 Tuesday, 13 February 2018, or such other date as notified by our Company on the website of the Stock Exchange at www.hkexnews.hk or the website of the Company at www.dcb.com.hk as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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 Tuesday, 13 February 2018 by ordinary post at your own risk.

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 Tuesday, 13 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 Tuesday, 13 February 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 13 February 2018 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 13 February 2018. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 13 February 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

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

Investors should seek the advice of their stockbrokers or other professional advisers 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.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DCB HOLDINGS LIMITED AND HALCYON CAPITAL LIMITED

Introduction

We report on the historical financial information of DCB Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-40, which comprises the consolidated statements of financial position as at 31 March 2016, 31 March 2017 and 31 July 2017, the statements of financial position of the Company as at 31 March 2017 and 31 July 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated 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 31 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 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 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 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 and of the Company's financial position as at 31 March 2017 and 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 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 consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Statements which contains information about the dividends declared or paid by group entities and states that no dividends have been paid by DCB Holdings Limited in respect of the Track Record Period.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

31 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 consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, 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 ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	NOTES	Year ended 31 March		Four months ended 31 July	
		2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Revenue	6	178,205	225,870	88,303	72,391
Cost of services		<u>(156,710)</u>	<u>(199,268)</u>	<u>(78,953)</u>	<u>(64,908)</u>
Gross profit		21,495	26,602	9,350	7,483
Other income	7	582	748	342	1
Administrative expenses		(6,156)	(7,492)	(2,182)	(3,135)
Finance costs	8	(1,087)	(819)	(277)	(65)
Listing expenses		<u>-</u>	<u>(2,456)</u>	<u>-</u>	<u>(8,028)</u>
Profit (loss) before tax	9	14,834	16,583	7,233	(3,744)
Income tax expense	10	<u>(2,444)</u>	<u>(3,065)</u>	<u>(1,167)</u>	<u>(583)</u>
Profit (loss) and total comprehensive income (expense) for the year/period		<u>12,390</u>	<u>13,518</u>	<u>6,066</u>	<u>(4,327)</u>
Earnings (loss) per share					
Basic (HK cents)	14	<u>5.61</u>	<u>6.06</u>	<u>2.75</u>	<u>(1.80)</u>

STATEMENTS OF FINANCIAL POSITION

	NOTES	The Group			The Company	
		As at 31 March		As at	As at	As at
		2016	2017	31 July	31 March	31 July
		HK\$'000	HK\$'000	2017	2017	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current asset						
Plant and equipment	15	525	1,083	915	-	-
Current assets						
Trade and other receivables	16	11,036	21,844	22,062	1,708	3,536
Amounts due from customers for contract work	17	29,293	34,560	50,728	-	-
Amounts due from directors	18	34,623	-	-	-	-
Amount due from a related company	18	1,218	-	-	-	-
Amount due from immediate holding company	18	-	-	1,000	-	-
Bank balances and cash	19	7,355	22,988	2,886	-	-
		83,525	79,392	76,676	1,708	3,536
Current liabilities						
Trade and other payables	20	33,475	17,752	27,061	1,135	3,939
Amounts due to customers for contract work	17	5,978	10,655	10,260	-	-
Amount due to a subsidiary	21	-	-	-	3,092	10,144
Dividends payables		-	-	3,000	-	-
Borrowings	22	26,188	16,500	8,446	-	-
Tax payable		2,277	896	1,479	-	-
		67,918	45,803	50,246	4,227	14,083
Net current assets (liabilities)		15,607	33,589	26,430	(2,519)	(10,547)
Total assets less current liabilities		16,132	34,672	27,345	(2,519)	(10,547)
Non-current liability						
Other non-current liabilities		182	204	204	-	-
Net assets (liabilities)		15,950	34,468	27,141	(2,519)	(10,547)
Capital and reserves						
Share capital	23	10	10,010	-	-	-
Reserves		15,940	24,458	27,141	(2,519)	(10,547)
Total equity		15,950	34,468	27,141	(2,519)	(10,547)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2015	10	–	4,050	4,060
Profit and total comprehensive income for the year	–	–	12,390	12,390
Dividends recognised as distribution (<i>Note 13</i>)	–	–	(500)	(500)
At 31 March 2016	10	–	15,940	15,950
Profit and total comprehensive income for the year	–	–	13,518	13,518
Dividends recognised as distribution (<i>Note 13</i>)	–	–	(5,000)	(5,000)
Issue of shares (<i>Note 23</i>)	10,000	–	–	10,000
At 31 March 2017	10,010	–	24,458	34,468
Loss and total comprehensive expense for the period	–	–	(4,327)	(4,327)
Dividends recognised as distribution (<i>Note 13</i>)	–	–	(3,000)	(3,000)
Effect of group reorganisation (<i>note</i>)	(10,010)	10,010	–	–
At 31 July 2017	<u>–</u>	<u>10,010</u>	<u>17,131</u>	<u>27,141</u>
For the four months ended 31 July 2016 (unaudited)				
At 1 April 2016	10	–	15,940	15,950
Profit and total comprehensive income for the period	–	–	6,066	6,066
At 31 July 2016	<u>10</u>	<u>–</u>	<u>22,006</u>	<u>22,016</u>

Note: The amount arising from the group reorganisation in relation to the allotments and issue of share capital of the Company as detailed in Note 2.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March		Four months ended 31 July	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
OPERATING ACTIVITIES				
Profit (loss) before tax	14,834	16,583	7,233	(3,744)
Adjustments for:				
Finance costs	1,087	819	277	65
Depreciation of plant and equipment	222	364	85	138
Provision for long service payment	46	22	11	-
Loss on disposal of plant and equipment	12	17	-	141
Interest income	(582)	(612)	(214)	(1)
Operating cash flows before movements				
in working capital	15,619	17,193	7,392	(3,401)
Increase in trade and other receivables	(5,000)	(10,808)	(20,208)	(218)
Increase in amounts due from customers for contract work	(6,250)	(5,267)	(8,424)	(16,168)
Increase (decrease) in trade and other payables	15,968	(15,723)	(8,942)	9,309
Increase (decrease) in amounts due to customers for contract work	4,910	4,677	5,499	(395)
Cash generated from (used in) operations	25,247	(9,928)	(24,683)	(10,873)
Income tax paid	(762)	(4,446)	-	-
NET CASH FROM (USED IN)				
OPERATING ACTIVITIES	<u>24,485</u>	<u>(14,374)</u>	<u>(24,683)</u>	<u>(10,873)</u>
INVESTING ACTIVITIES				
Interest received	4	1	1	1
Purchase of plant and equipment	(286)	(951)	(723)	(111)
Proceeds from disposal of plant and equipment	-	12	-	-
Advance to a director	(19,273)	(1,035)	(260)	-
Advance to immediate holding company	-	-	-	(1,000)
Repayments from directors	9,341	14,942	784	-
Repayment from a related company	-	1,218	-	-
Withdrawal of pledged bank deposit	1,503	-	-	-
NET CASH (USED IN) FROM				
INVESTING ACTIVITIES	<u>(8,711)</u>	<u>14,187</u>	<u>(198)</u>	<u>(1,110)</u>

	Year ended 31 March		Four months ended 31 July	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
FINANCING ACTIVITIES				
New bank loans raised	72,000	78,000	30,000	8,446
Repayments of borrowings	(80,429)	(66,367)	(9,714)	(16,500)
Interest paid	(1,087)	(813)	(277)	(65)
Dividends paid	(500)	(5,000)	-	-
Issue of share capital	-	10,000	-	-
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(10,016)</u>	<u>15,820</u>	<u>20,009</u>	<u>(8,119)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,758	15,633	(4,872)	(20,102)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	<u>1,597</u>	<u>7,355</u>	<u>7,355</u>	<u>22,988</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD represented by bank balances and cash	<u><u>7,355</u></u>	<u><u>22,988</u></u>	<u><u>2,483</u></u>	<u><u>2,886</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office and the principal place of business are set out in the section headed "Corporate Information" to the Prospectus.

The Company is an investment holding company. The Company's operating subsidiary is principally engaged in the provision of fitting-out and renovation services.

The Historical Financial Information is presented in HK\$, which is the same as the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with HKFRSs issued by the HKICPA.

Prior to the group reorganisation and the Pre-IPO Investment as disclosed in the section headed "History, Reorganisation and Group Structure" of the Prospectus (the "**Reorganisation**"), Mr. Cheng Tsang Wai ("**Mr. Dick Cheng**"), Mr. Cheng Tsang Fu Dennis ("**Mr. Dennis Cheng**") and Ms. Liu Lee Lee Lily ("**Ms. Lily Liu**"), beneficially owned 5,500, 3,500 and 1,000 issued share capital of DCB Company Limited ("**DCB**"), the operating subsidiary of the Group, respectively. For the purpose of the listing of the shares of the Company on the GEM of the Stock Exchange, the Group underwent the Reorganisation as described below.

- (i) On 3 January 2017, Multi Rewards Limited ("**Multi Rewards**") was incorporated in the British Virgin Islands ("**BVI**") with limited liability with authorised share capital of 50,000 shares of US\$1.00 par value of a single class;
- (ii) On 20 February 2017, the Pre-IPO Investor (as defined in Note 23) subscribed for and DCB allotted and issued 870 shares for an aggregate consideration of HK\$10,000,000;
- (iii) On 8 March 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the date of incorporation, one nil-paid share was allotted and issued to the initial subscriber, an independent third party. On the same date, the share was transferred to Advance Goal Group Limited ("**Advance Goal**"), a company incorporated in the BVI with limited liability on 3 January 2017 and wholly-owned by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu in the ratio of 55%, 35% and 10%, respectively;
- (iv) On 16 March 2017, one share in Multi Rewards was allotted and issued to the Company for cash at par;
- (v) On 8 June 2017, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu transferred their respective shareholding interest in DCB to Multi Rewards in consideration of the Company allotting and issuing 91 shares to Advance Goal credited as fully paid and crediting as fully paid the initial share held by Advance Goal. The basis of consideration of the above transfer is determined with reference to the respective shareholding interests held by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu in DCB; and
- (vi) On 8 June 2017, the Pre-IPO Investor transferred the shareholding interest in DCB to Multi Rewards, in consideration of the Company allotting and issuing 8 shares to Active Achievor Limited ("**Active Achievor**"), a company incorporated in the BVI with limited liability on 30 March 2017 and wholly-owned by the Pre-IPO Investor, credited as fully paid. The basis of consideration of the above transfer is determined with reference to shareholding interests held by the Pre-IPO Investor in DCB.

Upon the completion of the Reorganisation on 8 June 2017, the Company became the holding company of the subsidiaries now comprising the Group.

As details above, the Reorganisation involves interspersing investment holding companies (including the Company and Multi Rewards) between DCB and its shareholders. Accordingly, the Historical Financial Information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Track Record Period.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the Track Record Period. The consolidated statements of financial position of the Group as at 31 March 2016 and 31 March 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group, using their existing carrying amounts, as if the current group structure upon the completion of the Reorganisation had been in existence at those dates.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied all HKFRSs, which are effective for the accounting period beginning on 1 April 2017 throughout the Track Record Period.

New and amendments to HKFRSs in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued but are not yet effective:

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
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
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	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle ¹

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 are 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.

The directors of the Company have reviewed the Group's financial assets as at 31 July 2017 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised cost and is not likely to have other material impact on the results and financial position of the Group based on an analysis of the Group's existing business model.

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 promise 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 disclosure are required by HKFRS 15.

HKFRS 15 establishes that revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Under HKFRS 15, revenue is either recognised over time or at a point in time while under HKAS 11 contract revenue is recognised by reference to the stage of completion. The directors of the Company expect that revenue will continue to be recognised as the contract progresses, broadly similar to the method under HKAS 11.

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 directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, 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 respective reporting periods.

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 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. Under 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 and operating cash flows respectively.

In contrast to lessee 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\$1,344,000 as disclosed in Note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the result and the net financial position of the Group.

Except as described above, the directors of the Company anticipate that the application of the other new and amendments to HKFRSs and interpretations will have no material impact on the Group's financial performance and positions and/or the disclosures to the financial statements of the Group in future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following 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*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. 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.

Consolidation 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 year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains controls 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 in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company at cost less any identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from construction contracts is recognised on the percentage of completion method, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs during the year/period.

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 the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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 probably 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 consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and other receivables.

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

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 (loss) before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the 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. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and 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 rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Plant and equipment

Plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as 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.

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.

Impairment on tangible assets

At the end of the 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 that 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 (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as 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. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from directors, amount due from a related company, amount due from immediate holding company and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

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 asset, 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; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of 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 and retention receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and retention receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment 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 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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amount due to a subsidiary, dividends payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

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 neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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, 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are 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 ongoing 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 period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Revenue recognition of construction work

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

As at 31 March 2016, 31 March 2017 and 31 July 2017, the carrying amounts of amounts due from (to) customers for contract work were approximately HK\$23,315,000, HK\$23,905,000 and HK\$40,468,000 respectively (Note 17).

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 at 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 compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2016, 31 March 2017 and 31 July 2017, the carrying amounts of trade and retention receivables of the Group were approximately HK\$10,743,000, HK\$19,796,000 and HK\$18,084,000 respectively (Note 16).

6. REVENUE AND SEGMENT INFORMATION

Information are reported to the executive directors of the Company, who are also the chief operating decision maker ("CODM") and the directors of the operating subsidiary, for the purposes of resource allocation and performance assessment.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (i) Fitting-out work – refers to works conducted on new buildings.
- (ii) Renovation work – refers to works carried out on existing buildings that involve upgrades and/or makeovers and/or demolition of existing works.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2016

	Fitting-out work <i>HK\$'000</i>	Renovation work <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>71,731</u>	<u>106,474</u>	<u>178,205</u>
Segment profit	<u>6,244</u>	<u>15,251</u>	21,495
Unallocated income			582
Unallocated expenses			<u>(7,243)</u>
Profit before tax			<u>14,834</u>

For the year ended 31 March 2017

	Fitting-out work <i>HK\$'000</i>	Renovation work <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>148,883</u>	<u>76,987</u>	<u>225,870</u>
Segment profit	<u>18,051</u>	<u>8,551</u>	26,602
Unallocated income			748
Unallocated expenses			<u>(10,767)</u>
Profit before tax			<u>16,583</u>

For the four months ended 31 July 2016 (unaudited)

	Fitting-out work <i>HK\$'000</i>	Renovation work <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>51,102</u>	<u>37,201</u>	<u>88,303</u>
Segment profit	<u>4,718</u>	<u>4,632</u>	9,350
Unallocated income			342
Unallocated expenses			<u>(2,459)</u>
Profit before tax			<u>7,233</u>

For the four months ended 31 July 2017

	Fitting-out work HK\$'000	Renovation work HK\$'000	Total HK\$'000
Segment revenue	<u>56,061</u>	<u>16,330</u>	<u>72,391</u>
Segment profit	<u>5,474</u>	<u>2,009</u>	7,483
Unallocated income			1
Unallocated expenses			<u>(11,228)</u>
Loss before tax			<u>(3,744)</u>

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit earned by each segment without allocation of other income, administrative expenses, finance costs and listing expenses. This is the measure reported to the CODM of the Group for the purposes of resources allocation and performance assessment.

Geographical information

The Group's revenue is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

Information about major customers

Revenue from customers of the corresponding years/periods contributing over 10% of the total revenue of the Group are as follows:

	Operating segment	Year ended 31 March		Four months ended 31 July	
		2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000
				(unaudited)	
Customer A	Fitting-out work	23,143	53,354	22,037	N/A ¹
	Renovation work	<u>2,905</u>	<u>1,513</u>	<u>936</u>	<u>N/A¹</u>
		26,048	54,867	22,973	N/A ¹
Customer B	Fitting-out work	N/A ¹	66,040	15,818	19,255
Customer C	Fitting-out work	N/A ¹	42	N/A ¹	N/A ¹
	Renovation work	<u>N/A¹</u>	<u>24,584</u>	<u>18,110</u>	<u>N/A¹</u>
		N/A ¹	24,626	18,110	N/A ¹
Customer D	Renovation work	67,292	N/A ¹	9,868	8,471
Customer E	Fitting-out work	24,093	N/A ¹	12,482	N/A ¹
Customer F	Fitting-out work	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>26,320</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	Year ended 31 March		Four months ended 31 July	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Interest income arising from amount due from a director	578	611	213	–
Bank interest income	4	1	1	1
Others	–	136	128	–
	<u>582</u>	<u>748</u>	<u>342</u>	<u>1</u>

8. FINANCE COSTS

Finance costs represent interest on bank borrowings.

9. PROFIT (LOSS) BEFORE TAX

	Year ended 31 March		Four months ended 31 July	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Profit (loss) before tax has been arrived at after charging:				
Directors' emolument (<i>Note 11</i>)				
Fees	–	–	–	–
Salaries, allowances and other benefits	1,955	2,105	635	747
Discretionary bonus	220	670	223	228
Retirement benefit scheme contributions	49	49	16	16
	<u>2,224</u>	<u>2,824</u>	<u>874</u>	<u>991</u>
Other staff costs				
Salaries, allowances and other benefits	6,747	10,206	2,737	4,560
Discretionary bonus	904	1,481	482	669
Retirement benefits scheme contributions	287	439	113	197
	<u>7,938</u>	<u>12,126</u>	<u>3,332</u>	<u>5,426</u>
Total staff costs	10,162	14,950	4,206	6,417
Less: amounts included in cost of services	<u>(6,652)</u>	<u>(10,462)</u>	<u>(2,872)</u>	<u>(4,717)</u>
Amounts included in administrative expenses	<u>3,510</u>	<u>4,488</u>	<u>1,334</u>	<u>1,700</u>
Auditors' remuneration	190	663	–	333
Depreciation of plant and equipment	222	364	85	138
Loss on disposal of plant and equipment	12	17	–	141
	<u>190</u>	<u>663</u>	<u>–</u>	<u>333</u>

10. INCOME TAX EXPENSE

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Hong Kong Profits Tax				
– current year/period	2,464	3,065	1,167	583
– overprovision in prior years/periods	(20)	–	–	–
	<u>2,444</u>	<u>3,065</u>	<u>1,167</u>	<u>583</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the Track Record Period.

The tax charge for the Track Record Period can be reconciled to the profit (loss) before tax per the consolidated 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	HK\$'000
			(unaudited)	
Profit (loss) before tax	<u>14,834</u>	<u>16,583</u>	<u>7,233</u>	<u>(3,744)</u>
Tax at Hong Kong Profits Tax rate of 16.5%	2,448	2,736	1,193	(618)
Tax effect of expenses not deductible for tax purpose	85	480	14	1,371
Tax effect of income not taxable for tax purpose	(49)	(131)	(40)	–
Overprovision in respect of prior years/periods	(20)	–	–	–
Tax reduction	(20)	(20)	–	–
Others (note)	–	–	–	(170)
Income tax expense for the year/period	<u>2,444</u>	<u>3,065</u>	<u>1,167</u>	<u>583</u>

Note: The amount for the four months ended 31 July 2017 mainly represents the balancing allowance resulted from the written off of leasehold improvement on which commercial building allowances were granted in the prior years.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Executive directors

Details of the emoluments paid or payable (including emoluments for the services as directors of the group entities prior to becoming directors of the Company) to the directors of the Company during the Track Record Period for their services rendered to the entities comprising the Group are as follows:

	Fee	Salaries, allowances and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(note iv)		
Year ended 31 March 2016					
Mr. Dick Cheng (note i)	–	352	–	16	368
Mr. Dennis Cheng (note ii)	–	757	200	18	975
Ms. Lily Liu (note iii)	–	846	20	15	881
	<u>–</u>	<u>1,955</u>	<u>220</u>	<u>49</u>	<u>2,224</u>

	Fee HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000 (note iv)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2017					
Mr. Dick Cheng (note i)	-	260	100	13	373
Mr. Dennis Cheng (note ii)	-	905	500	18	1,423
Ms. Lily Liu (note iii)	-	940	70	18	1,028
	-	2,105	670	49	2,824

	Fee HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000 (note iv)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Four months ended 31 July 2016 (unaudited)					
Mr. Dick Cheng (note i)	-	80	33	4	117
Mr. Dennis Cheng (note ii)	-	260	167	6	433
Ms. Lily Liu (note iii)	-	295	23	6	324
	-	635	223	16	874

	Fee HK\$'000	Salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000 (note iv)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Four months ended 31 July 2017					
Mr. Dick Cheng (note i)	-	80	33	4	117
Mr. Dennis Cheng (note ii)	-	340	170	6	516
Ms. Lily Liu (note iii)	-	327	25	6	358
	-	747	228	16	991

Notes:

- (i) Mr. Dick Cheng was appointed as an executive director and the chairman of the board of directors of the Company on 8 March 2017.
- (ii) Mr. Dennis Cheng was appointed as an executive director of the Company on 8 March 2017.
- (iii) Ms. Lily Liu was appointed as an executive director of the Company on 8 March 2017.
- (iv) Discretionary bonus was determined with reference to the Group's operating results and individual performance of the executive directors of the Company.

(b) Independent non-executive directors

No independent non-executive directors were appointed by the Company during the Track Record Period. Mr. Chu Wai Wa Fangus, Mr. Cheung Kwok Keung and Mr. Chak Chi Man are to be appointed as independent non-executive directors of the Company on 19 January 2018.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group for the Track Record Period include two, two, two (unaudited), two executive directors for the years ended 31 March 2016 and 31 March 2017 and the four months ended 31 July 2016 and 31 July 2017 respectively. The emoluments of the remaining individuals for the Track Record Period are as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Salaries, allowances and other benefits	1,512	1,687	496	556
Discretionary bonus	380	660	219	241
Retirement benefit scheme contributions	36	36	12	12
	1,928	2,383	727	809

The number of the highest paid employees who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	No. of employees	No. of employees	No. of employees	No. of employees
			(unaudited)	
Nil to HK\$1,000,000	3	3	3	3

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company nor the five highest paid individuals waived any emoluments during the Track Record Period.

13. DIVIDENDS

During the year ended 31 March 2016, DCB declared dividends of HK\$50 per share amounting to HK\$500,000 to its shareholders and settled through cash.

During the year ended 31 March 2017, DCB declared dividends of HK\$500 per share amounting to HK\$5,000,000 to its shareholders and settled through cash.

During the four months ended 31 July 2017, DCB declared dividends of HK\$276 per share amounting to HK\$3,000,000 to its shareholders and settled through cash in January 2018.

No dividends was paid or declared by the Company since its incorporation.

14. EARNINGS (LOSS) PER SHARE

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

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)			
Earnings (loss):				
Earnings (loss) for the purpose of basic earnings (loss) per share (profit (loss) for the year/period attributable to the owners of the Company)	<u>12,390</u>	<u>13,518</u>	<u>6,066</u>	<u>(4,327)</u>
	'000	'000	'000	'000
Number of shares:				
Number of ordinary shares for the purpose of calculating basic earnings (loss) per share	<u>220,800</u>	<u>222,904</u>	<u>220,800</u>	<u>240,000</u>

The number of ordinary shares for the purpose of calculating basic earnings (loss) per share has been determined on the assumption that the Reorganisation set out in Note 2 and the issue of 239,999,900 ordinary shares pursuant to the capitalisation issue as referred to the section headed "Share Capital" in the Prospectus has been effective on 1 April 2015.

No diluted earnings (loss) per share for the Track Record Period are presented as there were no potential ordinary shares in issue during the Track Record Period.

15. PLANT AND EQUIPMENT

	Furniture and equipment <i>HK\$'000</i>	Decoration <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
As at 1 April 2015	177	900	704	1,781
Additions	13	–	273	286
Disposals	–	–	(15)	(15)
	<u>190</u>	<u>900</u>	<u>962</u>	<u>2,052</u>
As at 31 March 2016	190	900	962	2,052
Additions	255	–	696	951
Disposals	–	–	(47)	(47)
	<u>445</u>	<u>900</u>	<u>1,611</u>	<u>2,956</u>
As at 31 March 2017	445	900	1,611	2,956
Additions	51	60	–	111
Disposals	(358)	(900)	–	(1,258)
	<u>138</u>	<u>60</u>	<u>1,611</u>	<u>1,809</u>
As at 31 July 2017	138	60	1,611	1,809
DEPRECIATION				
As at 1 April 2015	129	900	279	1,308
Provided for the year	30	–	192	222
Elimination on disposals	–	–	(3)	(3)
	<u>159</u>	<u>900</u>	<u>468</u>	<u>1,527</u>
As at 31 March 2016	159	900	468	1,527
Provided for the year	68	–	296	364
Eliminated on disposals	–	–	(18)	(18)
	<u>227</u>	<u>900</u>	<u>746</u>	<u>1,873</u>
As at 31 March 2017	227	900	746	1,873
Provided for the period	29	1	108	138
Eliminated on disposals	(217)	(900)	–	(1,117)
	<u>39</u>	<u>1</u>	<u>854</u>	<u>894</u>
As at 31 July 2017	39	1	854	894
CARRYING VALUE				
As at 31 March 2016	<u>31</u>	<u>–</u>	<u>494</u>	<u>525</u>
As at 31 March 2017	<u>218</u>	<u>–</u>	<u>865</u>	<u>1,083</u>
As at 31 July 2017	<u>99</u>	<u>59</u>	<u>757</u>	<u>915</u>

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture and fixtures	30%
Decoration	33 $\frac{1}{8}$ %
Motor vehicles	20%

16. TRADE AND OTHER RECEIVABLES

	The Group		The Company		
	As at 31 March		As at	As at	As at
	2016	2017	31 July	31 March	31 July
	HK\$'000	HK\$'000	2017	2017	2017
			HK\$'000	HK\$'000	HK\$'000
Trade receivables	10,057	19,796	18,084	–	–
Retention receivables (<i>note</i>)	686	–	–	–	–
Deposits and prepayments	292	1,181	576	889	150
Deferred listing expenses	–	819	3,386	819	3,386
Other receivables	1	48	16	–	–
	<u>11,036</u>	<u>21,844</u>	<u>22,062</u>	<u>1,708</u>	<u>3,536</u>
Total trade and other receivables	<u>11,036</u>	<u>21,844</u>	<u>22,062</u>	<u>1,708</u>	<u>3,536</u>

Note: All retention money as at 31 March 2016 was unsecured, interest free and expected to be recovered or settled within twelve months from the end of the reporting period.

The Group does not allow any credit period to its customers.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade and retention receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

In determining the recoverability of trade and retention receivables, the Group considers any change in the credit quality of the trade and retention receivables from the date credit was initially granted up to the end of the reporting period.

Included in the Group's trade receivables balance as at 31 March 2016, 31 March 2017 and 31 July 2017 with aggregate carrying amount of HK\$10,057,000, HK\$19,796,000 and HK\$18,084,000 respectively which are past due at the reporting date for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due based on invoice date but not impaired:

	As at 31 March		As at
	2016	2017	31 July 2017
	HK\$'000	HK\$'000	HK\$'000
Overdue:			
0-30 days	4,918	11,524	16,303
31-60 days	1,427	5,464	497
61-90 days	1,673	53	64
Over 90 days	2,039	2,755	1,220
	<u>10,057</u>	<u>19,796</u>	<u>18,084</u>

There were no movement in allowance for doubtful debts during the Track Record Period.

17. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	As at 31 March		As at
	2016	2017	31 July
	HK\$'000	HK\$'000	2017
Contracts in progress at the end of each reporting period:			HK\$'000
Contract costs incurred plus recognised profits less recognised losses	326,865	510,884	583,834
Less: progress billings	<u>(303,550)</u>	<u>(486,979)</u>	<u>(543,366)</u>
	<u>23,315</u>	<u>23,905</u>	<u>40,468</u>
Analysed for reporting purposes as:			
Amounts due from customers for contract work	29,293	34,560	50,728
Amounts due to customers for contract work	<u>(5,978)</u>	<u>(10,655)</u>	<u>(10,260)</u>
	<u>23,315</u>	<u>23,905</u>	<u>40,468</u>

As at 31 March 2016, 31 March 2017 and 31 July 2017, included in amounts due from customers for contract work are retention held by customers for contract work amounted to HK\$4,771,000, HK\$11,949,000 and HK\$14,296,000, which were expected to be recovered or settled in more than twelve months from the end of corresponding periods.

As at 31 March 2017 and 31 July 2017, included in amounts due to customers from contract work is related to the excess of progress billings over contract cost incurred for an incomplete renovation project of Mr. Dick Cheng amounted to HK\$441,000 and HK\$1,000 which was billed and expected to be utilised within twelve months from the end of the reporting period.

18. AMOUNTS DUE FROM DIRECTORS/A RELATED COMPANY/IMMEDIATE HOLDING COMPANY

	As at			Maximum amount outstanding during			
	1 April	As at 31 March		31 July	year ended		four months
	2015	2016	2017	2017	2016	2017	ended
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	31 July
							2017
							HK\$'000
Director							
Mr. Dick Cheng (<i>note i</i>)	24,112	34,323	-	-	34,323	34,323	-
Ms. Lily Liu (<i>note ii</i>)	-	300	-	-	300	300	-
	<u>24,112</u>	<u>34,623</u>	<u>-</u>	<u>-</u>	<u>34,623</u>	<u>34,623</u>	<u>-</u>
Related company							
Studio At 8.0 Company Limited (<i>note iii</i>)	1,218	1,218	-	-	1,218	1,218	-
	<u>1,218</u>	<u>1,218</u>	<u>-</u>	<u>-</u>	<u>1,218</u>	<u>1,218</u>	<u>-</u>
Immediate holding company							
Advance Goal (<i>note ii</i>)	-	-	-	1,000	-	-	1,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>

Notes:

- (i) As at 31 March 2016, the amount was non-trade related, unsecured, interest bearing at 2.58% per annum and repayable on demand. During the year ended 31 March 2017, the amount due from Mr. Dick Cheng was interest bearing at 2.07% per annum and fully settled during that year.
- (ii) The amount was non-trade related, unsecured, interest free and repayable on demand.
- (iii) Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu have beneficial interest in the company. The amount was trade-related, unsecured, interest-free and repayable on demand.

19. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rate of 0.01% per annum as at 31 March 2016, 31 March 2017 and 31 July 2017.

20. TRADE AND OTHER PAYABLES

	The Group			The Company	
	As at 31 March		As at	As at	As at
	2016	2017	31 July	31 March	31 July
	HK\$'000	HK\$'000	2017	2017	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	11,671	15,205	20,550	–	–
Accruals	941	2,547	6,511	1,135	3,939
Advances from customers (<i>note</i>)	20,863	–	–	–	–
	<u>33,475</u>	<u>17,752</u>	<u>27,061</u>	<u>1,135</u>	<u>3,939</u>

Note: Advances from customers were unsecured, interest-free and were utilised to set off progress billings during the year ended 31 March 2017.

The ageing analysis of the trade payables based on invoice date at the end of each reporting period is as follows:

	As at 31 March		As at
	2016	2017	31 July 2017
	HK\$'000	HK\$'000	HK\$'000
1-30 days	4,585	2,695	9,411
31-60 days	734	2,778	3,838
61-90 days	1,091	3,404	–
Over 90 days	5,261	6,328	7,301
	<u>11,671</u>	<u>15,205</u>	<u>20,550</u>

21. AMOUNT DUE TO A SUBSIDIARY

The amount due to DCB was non-trade related, unsecured, interest free and repayable on demand.

22. BORROWINGS

	As at 31 March		As at
	2016	2017	31 July 2017
	HK\$'000	HK\$'000	HK\$'000
Revolving bank loans	5,000	16,500	4,000
Bank term loans	21,188	–	4,446
	<u>26,188</u>	<u>16,500</u>	<u>8,446</u>
Carrying amount of the above borrowings that are variable-rate and repayable:			
Within one year	9,866	16,500	8,446
More than one year but not exceeding two years	7,179	–	–
More than two years but not exceeding five years	8,786	–	–
More than five years	357	–	–
	<u>26,188</u>	<u>16,500</u>	<u>8,446</u>
The carrying amount of bank loans that contain a repayment on demand clause	<u>26,188</u>	<u>16,500</u>	<u>8,446</u>

The variable-rate bank borrowings carried interests at certain basis points over Hong Kong Inter-bank Offered Rate (“HIBOR”).

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's bank borrowings were as follows:

	As at 31 March		As at
	2016	2017	31 July 2017
Effective interest rate:			
Variable-rate borrowings	HIBOR +2% to 2.5%	HIBOR +2%	HIBOR +2% to 2.5%

The loans are classified as current liabilities since the Company has no unconditional right to defer settlement of any portion of the liabilities for at least twelve months after the reporting date. The revolving loans and term loans are secured by the mortgage of leasehold land and buildings owned by Mr. Dick Cheng, Ms. Chow Siu Shan Juliana, the spouse of Mr. Dick Cheng, and a related company in which one of the directors of the Company has beneficial interest, together with personal guarantees given by all directors of the Company.

23. SHARE CAPITAL

The issued share capital as at 31 March 2016 represents share capital of DCB amounting to HK\$10,000.

The issued share capital as at 31 March 2017 represents the aggregate share capital of the Company amounting to HK\$0.01 at par value and DCB amounting to HK\$10,010,000.

On 20 February 2017, DCB, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu entered into an subscription agreement with Ms. Cheng Fat Ning Lenda, sister of Mr. Dick Cheng and Mr. Dennis Cheng, and sister-in-law to Ms. Lily Liu ("**Pre-IPO Investor**"), pursuant to which 870 shares of DCB was allotted and issued to the Pre-IPO Investor for a total cash consideration of HK\$10,000,000. Upon completion of the aforesaid allotment, DCB was owned as to 50.60%, 32.20%, 9.20% and 8.00% by Mr. Dick Cheng, Mr. Dennis Cheng, Ms. Lily Liu and the Pre-IPO Investor, respectively. As at 31 March 2017, DCB has a paid up share capital of HK\$10,010,000.

Share capital as at 31 July 2017 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

	Number of shares	Amount	
		HK\$	HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 8 March 2017 (date of incorporation) and 31 July 2017	38,000,000	380,000	380
Issued and fully paid:			
At 8 March 2017 (date of incorporation)	1	0.01	–
Issue of shares	99	0.99	–
At 31 July 2017	100	1	–

Upon incorporation, 1 share of the Company was allotted and issued to the initial subscriber and subsequently transferred to Advance Goal. Further, 99 additional shares were issued as fully paid on 8 June 2017, in which 91 shares were allotted to Advance Goal while 8 shares were allotted to Active Achievor.

24. OPERATING LEASES

The Group as lessee

	Year ended 31 March		Four months ended 31 July	
	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000 (unaudited)	2017 HK\$'000
Minimum lease payments paid under operating leases during the year/period	<u>1,524</u>	<u>1,524</u>	<u>538</u>	<u>542</u>

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March		As at
	2016 HK\$'000	2017 HK\$'000	31 July 2017 HK\$'000
Within one year	1,188	1,433	1,301
In the second to fifth year inclusive	<u>963</u>	<u>274</u>	<u>43</u>
	<u>2,151</u>	<u>1,707</u>	<u>1,344</u>

Operating lease payments represent rentals payable by the Group for its rental premises. Lease are negotiated and rentals are fixed for terms arranging from one to four years.

25. RETIREMENT BENEFIT PLANS

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. The Group contributes at the lower of HK\$1,500 or 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total costs of HK\$336,000, HK\$488,000, HK\$129,000 (unaudited) and HK\$213,000 charged to profit or loss represents contribution paid or payable to the above scheme by the Group for the years ended 31 March 2016 and 31 March 2017 and for the four months ended 31 July 2016 and 31 July 2017 respectively.

26. RELATED PARTY DISCLOSURES

In addition to the transactions, balances and commitments disclosed elsewhere in the Historical Financial Information, the Group had entered into the following related party transactions:

Name of related company	Relationship	Nature of transaction	Year ended 31 March		Four months ended 31 July		
			2016	2017	2016	2017	
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Mr. Dick Cheng	Director	Contract revenue	2,073	5,690	1,005	439	
		Interest income arising from amount due from a director	578	611	213	-	
Studio At 8.0 Company Limited	Related company	Contract cost	188	-	-	-	
			<u> </u>	<u> </u>	<u> </u>	<u> </u>	

The directors of the Company had given personal guarantees to banks for the facilities granted for the use by the Group.

Compensation of key management personnel

The directors of the Company were considered to be the key management personnel of the Group. The remuneration of the directors of the Company is set out in Note 11.

27. SURETY BOND AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

At the end of each reporting period, the Group had outstanding performance bonds as follows:

	As at 31 March		As at
	2016	2017	31 July 2017
	HK\$'000	HK\$'000	HK\$'000
Issued by banks	16,310	20,243	28,503
	<u> </u>	<u> </u>	<u> </u>

28. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2017, bank borrowings of approximately HK\$21,321,000 and the respective bank interest expenses of approximately HK\$6,000 were settled by Mr. Dick Cheng on behalf of DCB and offsetting the advance from DCB to Mr. Dick Cheng of approximately HK\$21,327,000.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Note 22, net of cash and cash equivalents and equity of the Company, comprising issued share capital and retained profits.

The directors of the Company review the capital structure from time to time. As a part of this review, the directors of the Company considers the cost of capital and the risks associated with share capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	The Group			The Company	
	As at 31 March		As at	As at	As at
	2016	2017	31 July	31 March	31 July
	HK\$'000	HK\$'000	2017	2017	2017
			HK\$'000	HK\$'000	HK\$'000
Financial assets					
Loans and receivables (including cash and cash equivalents)	53,939	42,784	21,970	–	–
Financial liabilities					
Amortised cost	37,859	31,705	31,996	3,092	10,144

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from directors, amount due from a related company, amount due from immediate holding company, bank balances and cash, trade and other payables and borrowings. The Company's financial instrument includes amount due to a subsidiary. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), 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.

Market risk*Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 19 for details) and variable-rate bank borrowings (see Note 22 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's HK\$ dominated borrowings.

The directors of the Company consider that the overall interest rate risk is not significant as the fluctuation of interest rates on bank balances and HIBOR to bank borrowings is minimal. Accordingly, no sensitivity analysis is prepared and presented.

Credit risk

At the end of respective reporting periods, 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 provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Company 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 debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international credit-rating agencies.

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 five major customers amounting to approximately HK\$5,174,000, HK\$17,304,000 and HK\$10,394,000 respectively and accounted for 48%, 87% and 57% of the Group's total trade and retention receivables. The major customers of the Group are reputable organisations. The directors of the Company closely monitor the subsequent settlement of the customers. In this regard, the directors of the Company consider that the Group's credit concentration risk is significantly mitigated.

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 following table details the Group's remaining contractual maturity for its 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing interest rate at the end of each reporting period.

Liquidity tables

The Group

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2016				
Non-derivative financial liabilities				
Trade payables	–	11,671	11,671	11,671
Variable-rate bank loans	2.48	26,188	26,188	26,188
		<u>37,859</u>	<u>37,859</u>	<u>37,859</u>
At 31 March 2017				
Non-derivative financial liabilities				
Trade payables	–	15,205	15,205	15,205
Variable-rate bank loans	2.29	16,500	16,500	16,500
		<u>31,705</u>	<u>31,705</u>	<u>31,705</u>
At 31 July 2017				
Non-derivative financial liabilities				
Trade payables	–	20,550	20,550	20,550
Dividends payables	–	3,000	3,000	3,000
Variable-rate bank loans	2.29	8,446	8,446	8,446
		<u>31,996</u>	<u>31,996</u>	<u>31,996</u>

The Company

	Weighted average effective interest rate %	Repayable on demand or less than 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2017				
Non-derivative financial liability				
Amount due to a subsidiary	–	3,092	3,092	3,092
At 31 July 2017				
Non-derivative financial liability				
Amount due to a subsidiary	–	10,144	10,144	10,144

Bank loans with a repayment on demand clause are included in the “repayable on demand or less than 1 year” time band in the above maturity analysis. As at 31 March 2016, 31 March 2017 and 31 July 2017, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$26,188,000, HK\$16,500,000 and HK\$8,446,000 respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Maturity Analysis – Bank loans with a repayment on demand clause based on scheduled repayments					Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
	Less than 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Over 5 years HK\$'000			
31 March 2016	10,720	7,818	9,429	362	28,329	26,188	
31 March 2017	16,515	–	–	–	16,515	16,500	
31 July 2017	8,550	–	–	–	8,550	8,446	

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

c. Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost and recorded in the Historical Financial Information approximate their fair values.

31. RESERVE OF THE COMPANY

Movement in the Company's reserve

	Accumulated losses HK\$'000
At 8 March 2017 (date of incorporation)	–
Loss and total comprehensive expense for the period	<u>(2,519)</u>
At 31 March 2017	(2,519)
Loss and total comprehensive expense for the period	<u>(8,028)</u>
At 31 July 2017	<u><u>(10,547)</u></u>

32. INTERESTS IN SUBSIDIARIES

As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place, the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interest attributable to the Company as at				Principal activities	Notes
			31 March 2016	31 July 2017	31 July 2017	the date of this report		
<i>Directly held:</i>								
Multi Rewards	BVI, 3 January 2017	US\$1	N/A	100%	100%	100%	Investment holding	(a)
<i>Indirectly held:</i>								
DCB	Hong Kong, 16 June 2008	HK\$10,010,000 (2016: HK\$10,000)	100%	100%	100%	100%	Provision of fitting-out and renovation services	(b)

All subsidiaries now comprising the Group are limited liability companies and have adopted 31 March as their financial year end date.

Notes:

- (a) No audited financial statements of Multi Rewards have 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 DCB for the years ended 31 March 2016 and 2017 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Dividends payables HK\$'000	Borrowings HK\$'000	Total HK\$'000
At 1 April 2015	–	34,617	34,617
Financing cash flows	(500)	(9,516)	(10,016)
<i>Non-cash changes</i>			
Interest expense recognised (Note 8)	–	1,087	1,087
Dividends declared (Note 13)	500	–	500
At 31 March 2016	–	26,188	26,188
Financing cash flows	(5,000)	10,820	5,820
<i>Non-cash changes</i>			
Interest expense recognised (Note 8)	–	819	819
Dividends declared (Note 13)	5,000	–	5,000
Other changes (Note 28)	–	(21,327)	(21,327)
At 31 March 2017	–	16,500	16,500
Financing cash flow	–	(8,119)	(8,119)
<i>Non-cash changes</i>			
Interest expense recognised (Note 8)	–	65	65
Dividends declared (Note 13)	3,000	–	3,000
At 31 July 2017	<u>3,000</u>	<u>8,446</u>	<u>11,446</u>
At 1 April 2016	–	26,188	26,188
Financing cash flows (unaudited)	–	20,009	20,009
<i>Non-cash changes</i>			
Interest expense recognised (unaudited) (Note 8)	–	277	277
At 31 July 2016 (unaudited)	<u>–</u>	<u>46,474</u>	<u>46,474</u>

34. SUBSEQUENT EVENTS

Save as disclosed in the report, subsequent to 31 July 2017, the following significant events took place:

- (i) On 19 January 2018, the Company has approved the issuance of 239,999,990 shares standing to the credit of the share premium of the Company conditional upon the share premium account of the Company being credited as a result of the allotment and issue of the shares of the Company under the capitalisation issue, details are set out in Appendix IV to the Prospectus.
- (ii) The Company has conditionally approved and adopted the share option scheme (“**Share Option Scheme**”) on 19 January 2018. Summaries of the principal terms of the Share Option Scheme are set out in the section headed “Statutory and General Information — 15. Share Option Scheme” in Appendix IV to the Prospectus.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2017.

The information set forth in this appendix does not form part of the accountants' report on the historical financial information of the Group for each of the two years ended 31 March 2017 and the four months ended 31 July 2017 (the "Accountants' Report") from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in the prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with paragraph 7.31 of the GEM Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the public offer and placing (the "Share Offer") on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 as if the Share Offer had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 or at any further dates following the Share Offer.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 as derived from the Accountants' Report set out in Appendix I to this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 HK\$'000 (Note 1)	Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 per Share HK\$ (Note 3)
Based on Offer Price of HK\$0.625 per Offer Share	27,141	37,947	65,088	0.20
Based on Offer Price of HK\$0.875 per Offer Share	27,141	56,546	83,687	0.26

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 is based on the consolidated net assets of the Group attributable to owners of the Company as at 31 July 2017 amounted to HK\$27,141,000, extracted from the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer is based on 80,000,000 Offer Shares at the Share Offer of HK\$0.625 and HK\$0.875 per Offer Share, being the low-end and high-end of the stated Offer Price range, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by the Group subsequent to 31 July 2017.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 per Share is based on 320,000,000 Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue assumed to be completed on 31 July 2017. It does not take into account of any Share which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Share which may be issued or repurchased pursuant to the Company's general mandate.
4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 to reflect any trading result or other transactions of the Group entered into subsequent to 31 July 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certificate Public Accountants, Hong Kong, prepared for the purposes of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of DCB Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of DCB 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 unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 July 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 31 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 proposed placing and public offer on the Group’s financial position as at 31 July 2017 as if the proposed placing and public 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 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 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 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 Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 31 January 2018

<p style="text-align: center;">APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW</p>
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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 company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that 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) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 19 January 2018 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(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 the shares or any class of shares may (unless otherwise provided for by the terms of issue 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. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting)

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shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

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 ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

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The instrument of transfer shall be executed 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 transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require 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 registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to 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 requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made 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 ownership of shares in the Company by a subsidiary.

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(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls 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). A call may be made payable either in one lump sum or by installments. 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 twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof 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 monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, 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, notwithstanding, 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 the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

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(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office 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 will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period 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 members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

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- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

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 delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time 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 must, in the exercise of the powers, authorities and discretions 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 and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange 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 are 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.

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Neither the Company nor the board is 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 with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not 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

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, 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.

(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 assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, 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 ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

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Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be 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 may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making 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 ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, 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

Pursuant to the Articles, payments to any 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 entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

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(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of 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 therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or 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, profits or other benefits received by him as a director, officer or member of, or from his interest in, 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 thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, 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 or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

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- (bb) any contract or arrangement for 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 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 contract or arrangement concerning an offer of shares or 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 contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. 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 an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

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(e) Meetings of members

(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, in the case of such members as 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 in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean 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 corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting 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 fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

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If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons 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 pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is 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 and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

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Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, by advertisement in newspapers in accordance with the requirements of the Stock Exchange or placing it on the Company's website or the website of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
 - (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
 - (cc) the election of directors in place of those retiring;
 - (dd) the appointment of auditors and other officers;
 - (ee) the fixing of the remuneration of the directors and of the auditors;
 - (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
 - (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.
- (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, but the absence of a quorum shall not preclude the appointment of a chairman.

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.

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(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 is 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 is 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. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office 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 accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof 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 of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

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At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) 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.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

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 whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) 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 shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders 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.

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The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their 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 moneys 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.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of 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 or bonuses unclaimed for six years after having been declared may be forfeited by the board and 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.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

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(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority 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 shall consist of property of one kind or shall consist of properties of 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 divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

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(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is 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 a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is 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

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the 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 arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

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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.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), 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, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. 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 shareholder and the Companies Law expressly provides that 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. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. 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. 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.

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Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

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 to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

In the case of a company (not being a bank) having 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 into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder 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 or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

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.

<p style="text-align: center;">APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW</p>
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An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof 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 of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions 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:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 12 April 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 executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

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.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law 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.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of 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 members, 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 of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of 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 sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY
AND CAYMAN ISLANDS COMPANY LAW**

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must 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.

As soon as the affairs of the 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 how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

<p style="text-align: center;">APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW</p>
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(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder 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 shareholders.

(t) 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, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents delivered to the Registrar of Companies and available for inspection — Documents available for inspection" in Appendix V to this prospectus. 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.

FURTHER INFORMATION ABOUT OUR COMPANY**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 8 March 2017. Our Company has established a place of business in Hong Kong at 22G, COS Centre, 56 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 14 July 2017. In connection with such registration, Ms. Liu 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 is incorporated in the Cayman Islands, its operations are subject to the Cayman Islands company law and its constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Cayman Islands company law is set out in Appendix III to this prospectus.

2. Changes in authorised and issued share capital of our Company

Our Company was incorporated in the Cayman Islands on 8 March 2017 and the one nil-paid subscriber Share was transferred from the initial subscriber to Advance Goal on the same date. The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.

On 19 January 2018, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of HK\$0.01 each which rank *pari passu* in all respects with the existing Shares.

Save for the aforesaid and as mentioned in the section headed “History, Reorganisation and Group Structure — Reorganisation” of this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus.

3. Changes in authorised and issued capital of our 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. The following sets out the changes to the share capital of the major operating subsidiary of our Group for the two years preceding the date of this prospectus:

DCB Company Limited

Pursuant to the Pre-IPO Investment Agreement, 870 shares were allotted and issued to Madam Cheng on 20 February 2017. As a result, the total issued share capital of DCB was increased from 10,000 shares to 10,870 shares.

Our Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I of this prospectus.

Save as disclosed above and in the section headed “History, Reorganisation and Group Structure” in this prospectus, there are no changes in the registered capital of our subsidiaries during the two years preceding the date of this prospectus.

4. Resolutions in writing of all our Shareholders passed on 19 January 2018

Pursuant to the resolutions in writing passed by all our Shareholders on 19 January 2018:

- (a) our Company adopted its new Memorandum with immediate effect and conditionally adopted the new Articles with effect from the Listing Date;
- (b) our Company increased its authorised share capital from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each;
- (c) conditional upon (i) the Listing Division granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may fall to be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme); (ii) the Offer Price having been fixed on or about the Price Determination Date; (iii) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and (iv) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Lead Managers (for themselves and on behalf of the other Underwriters)) and the Placing Underwriting Agreement not being terminated in accordance with its terms or otherwise, in each case on or before such dates as may be specified in the Placing Underwriting Agreement:
 - (i) the Share Offer was approved and our Directors were authorised to (1) approve the allotment and issue the Offer Shares subject to the terms and conditions stated in this prospectus; (2) implement the Share Offer and the Listing; and (3) do all 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) our Company adopted and approved the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme — 15. Share Option Scheme” below, and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be accepted or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such steps as may be necessary or expedient to carry into effect the Share Option Scheme;
- (iii) conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares by the Company pursuant to the Share Offer, our Directors were authorised to capitalise approximately HK\$2,399,999 standing to the credit of the share premium account of our Company by applying such sum to pay up in full at par 239,999,900 Shares for allotment and issue to the Shareholders (the “**Relevant Shareholder(s)**”) whose names appear on the register of members of our Company at the close of business on 19 January 2018 in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) with its/their then respective existing shareholdings in our Company and any Director was authorised to give effect to such capitalisation so that the Shares to be allotted and issued pursuant to the resolution as set out in this paragraph (iii) shall rank *pari passu* in all respects with the then existing issued Shares and the name(s) of the Relevant Shareholder(s) be entered in the register of members of the Company as holder(s) of the relevant number of Shares allotted and issued to it/them;
- (iv) a general unconditional mandate was given to the Directors to exercise all the powers of the 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 attached to any warrants or convertible securities or pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other option scheme or other similar arrangements or under the Share Offer or Capitalisation Issue or any scrip dividend schemes in accordance with the Articles of Association or a specific authority granted by the Shareholders in general meeting, Shares or securities or options convertible into Shares and to make and grant offers and agreements which would or might require Shares to be allotted (whether or not such securities or options involve the allotment or issue of Shares thereafter with an aggregate nominal value not exceeding the sum of (aa) 20% of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the

Share Option Scheme); and (bb) the number of Shares which may be purchased by the Company pursuant to the authority granted to the Directors as referred to in paragraph (v) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors as set out in this paragraph (iv), whichever occurs first;

- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or other stock exchanges on which securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the GEM Listing Rules or equivalent rules or regulations of such other stock exchange, Shares not exceeding 10% of the number of Shares in issue and to be issued immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors as set out in this paragraph (v), whichever occurs first;
- (vi) an undertaking to be given to the Stock Exchange relating to the exercise of the Repurchase Mandate by the Directors was approved; and
- (vii) the Board was authorised to prepare and execute all documents and to do all such other things as it considers necessary and expedient on behalf of the Company to give effect to the resolutions set out in paragraphs (i) to (vi) above.

5. Reorganisation

Our Group underwent the Reorganisation to rationalise our Group’s structure in preparation for the Listing. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and Group Structure” in this prospectus.

6. Repurchase by our Company 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 our 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, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by all our Shareholders on 19 January 2018, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme). The Repurchase Mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) *Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Memorandum, Articles and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange 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 Cayman Islands law, any repurchases by our Company may only be made out of profits of our Company, or out of sums standing to the credit of our Company's share premium account, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of profits of our Company or from sums standing to the credit of our Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital.

(iii) *Connected parties*

A company is prohibited from knowingly repurchasing securities from a “core connected person”, that is, a director, chief executive or substantial shareholder of our Company or any of their respective close associates and a core connected person shall not knowingly sell his securities to our Company, on the Stock Exchange.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles, the GEM Listing Rules and the applicable laws 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 were 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.

The exercise in full of the Repurchase Mandate, on the basis of 320,000,000 Shares in issue immediately after the listing of the Shares on the Stock Exchange, would result in up to 32,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

No connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If, as a result of a securities repurchase, 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. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become 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 consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

7. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the Pre-IPO Investment Agreement;
- (b) the sale and purchase agreement dated 8 June 2017 entered into among Mr. Dick Cheng, Mr. Dennis Cheng, Ms. Liu, Madam Cheng and our Company for the transfer of the entire issued share capital of DCB to our Company (or our nominee), in consideration of our Company (i) allotting and issuing 91 Shares, credited as fully paid, to Advance Goal, being the nominee of Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu; (ii) allotting and issuing eight Shares, credited as fully paid, to Active Achievor, being the nominee of Madam Cheng; and (iii) crediting as fully paid the initial nil paid Share held by Advance Goal;

- (c) the Deed of Non-competition;
- (d) the Deed of Indemnity; and
- (e) the Public Offer Underwriting Agreement.

8. Intellectual property

(a) Trademarks

As at the Latest Practicable Date, our Group has not registered any trademarks which are material to our business or filed any trademark applications which are pending, published and material to our business.

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain Name	Registrant	Commencement Date	Expiry Date <i>(Note)</i>
www.dcb.com.hk	DCB Company Limited	23 June 2008	23 June 2018

Note: Our Group will apply for the renewal of the domain name one month prior to its expiry.

Information contained in the above website does not form part of this prospectus.

Save as disclosed above, there are no other trade or service marks, registered designs, patents or other intellectual or industrial property rights which are material to the business of our Group.

FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

9. Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of our Company or its associated corporations

Immediately following completion of the Capitalisation Issue and the Share Offer and taking no account of any Shares which may be issued upon the exercise of 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 its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to our Company and the Stock Exchange, will be as follows:

Name of Director	Capacity/nature of interest	Number of Shares held after the Share Offer ⁽¹⁾	Approximate percentage of interest in our Company after the Share Offer
Mr. Dick Cheng	Interest in controlled corporation ⁽²⁾	220,800,000 ^(L)	69.0%
Mr. Dennis Cheng	Interest in controlled corporation ⁽²⁾ / interest of spouse ⁽³⁾	220,800,000 ^(L)	69.0%
Ms. Liu	Interest in controlled corporation ⁽²⁾ / interest of spouse ⁽³⁾	220,800,000 ^(L)	69.0%

Notes:

1. The Letter "L" denotes the person's long position in the relevant Shares.
2. The entire issued share capital of Advance Goal is legally and beneficially owned as to 55%, 35% and 10% by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, respectively. Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu are parties acting in concert. Accordingly, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu are deemed to be collectively interested in 220,800,000 Shares held by Advance Goal by virtue of the SFO.
3. Each of Mr. Dennis Cheng and Ms. Liu is spouse to each other. Therefore, Mr. Dennis Cheng is deemed to be interested in Shares held by Ms. Liu, and vice versa, pursuant to the SFO.

10. Interests and short positions of substantial shareholders in the shares, underlying shares and debentures of our Company or its associated corporations

Immediately following completion of the Capitalisation Issue and the Share Offer and taking into no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, so far as it is known to the Directors, the following persons/entities, not being a Director or chief executive of our Company, will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or, who is interested, directly or indirectly, 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 of	Capacity/nature of interest	Number of Shares held after the Share Offer ⁽¹⁾	Approximate percentage of interest in our Company after the Share Offer
Advance Goal ⁽²⁾	Beneficial owner	220,800,000 ^(L)	69.0%
Ms. Chow Siu Shan Juliana ⁽³⁾	Interest of spouse	220,800,000 ^(L)	69.0%
Active Achievor	Beneficial owner	19,200,000 ^(L)	6.0%
Madam Cheng ⁽⁴⁾	Interest in controlled corporation	19,200,000 ^(L)	6.0%

Notes:

1. The Letter "L" denotes the person's long position in the relevant Shares.
2. The entire issued share capital of Advance Goal is legally and beneficially owned as to 55.0%, 35.0% and 10.0% by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu, respectively. Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu are parties acting in concert. Accordingly, Mr. Dick Cheng, Mr. Dennis Cheng, Ms. Liu are deemed to be collectively interested in 220,800,000 Shares held by Advance Goal by virtue of the SFO.
3. Ms. Chow Siu Shan Juliana is the spouse of Mr. Dick Cheng. Under the SFO, Ms. Chow Siu Shan Juliana is deemed to be interested in the 220,800,000 Shares owned by Mr. Dick Cheng through Advance Goal.
4. Active Achievor is wholly-owned by Madam Cheng. Accordingly, Madam Cheng is deemed to be interested in all the Shares held by Active Achievor.

11. Particulars of Directors' service contracts and letters of appointment

(a) Executive Directors' service contracts

Each of our executive Directors has entered into a service agreement with our Company. The terms and conditions of each of such service agreements are similar in all material aspects. Each service agreement is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by our Company or our Director giving to the other not less than three months' prior notice in writing. Under the service agreements, the initial annual salary payable to our executive Directors is as follows:

Name	HK\$
Mr. Dick Cheng	780,000
Mr. Dennis Cheng	1,560,000
Ms. Liu	780,000

Each of our executive Directors is entitled to a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of our executive Director. Each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and discretionary bonus payable to himself.

(b) Independent non-executive Directors' letters of appointment

Each of our independent non-executive Directors has entered into a letter of appointment with our Company on 19 January 2018. Each letter of appointment is for an initial term of one year commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month's notice in writing.

Name	HK\$
Mr. Chu Wai Wa Fangus	72,000
Mr. Cheung Kwok Keung	72,000
Mr. Chak Chi Man	72,000

Save for the annual director's fees mentioned above, none of the independent non-executive Directors is entitled to receive any other remuneration for holding his office as an independent non-executive Director.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its 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*

The aggregate of the remuneration (including salaries and allowance, if any) paid and benefits in kind granted by our Group to our Directors in respect of financial years ended 31 March 2016 and 31 March 2017 and the four months ended 31 July 2017 were approximately HK\$2.2 million, HK\$2.8 million and HK\$1.0 million, respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding any discretionary bonus, if any, payable to the Director) payable by our Group to and benefits in kind receivable by our Directors for the financial year ending 31 March 2018 is estimated to be approximately HK\$3.1 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the financial years ended 31 March 2016 and 31 March 2017 and the four months ended 31 July 2017 (i) as an inducement to join or upon joining our Company or (ii) for 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. There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the financial years ended 31 March 2016 and 31 March 2017 and the four months ended 31 July 2017.

After Listing, our Company's remuneration committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Share Option Scheme.

Further information in respect of our Directors' remuneration is set out in Appendix I to this prospectus.

Save as disclosed in Appendix I to this prospectus, none of our Directors received any remuneration or benefits in kind from our Group during the Track Record Period.

12. Agency fees or commissions received

Information on the agency fees or commissions payable to the Underwriter is set out in the section headed "Underwriting — Commission and expenses" of this prospectus.

None of our Directors or experts (as named in the paragraph headed "22. Qualifications of experts" in this Appendix) received or will be entitled to receive any commissions, discounts, brokerages or other special terms in connection with the issue of any Shares of our Company within three years immediately preceding the date of this prospectus.

13. Related party transactions

During the Track Record Period, our Group was engaged in related party transactions as described in note 26 of Appendix I of this prospectus.

14. 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 any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Share Offer and the Capitalisation Issue will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 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 or chief executive of our Company has for the purpose 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 the paragraph headed "22. Qualifications of experts" below has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for Offer Shares either in his/her own name or in the name of a nominee;
- (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 taken as a whole;

- (e) none of the experts named in the paragraph headed “Qualifications of experts” below has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group; and
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

SHARE OPTION SCHEME

15. Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, which was approved by written resolutions passed by all the Shareholders on 19 January 2018. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(b) Who may join and basis of eligibility

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant’s contribution or potential contribution to the development and growth of our Group.

(c) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent; and for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before Listing.

(d) *Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

(e) *Maximum number of Shares*

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from its adoption date (excluding, for this purpose, Shares issuable upon the exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 32,000,000 Shares (or such numbers of Shares as shall result from a subdivision or a consolidation of such 32,000,000 Shares from time to time) to the participants under the Share Option Scheme.

- (ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (iii) Our Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company, if this will result in the limit being exceeded.

(f) *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon the exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme of our Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) *Grant of options to certain connected persons*

- (i) Any grant of options to a Director, chief executive of our Company or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates will result in the total number of Shares issued and to be issued upon the exercise of all options already granted and to be granted to such person under the Share Option Scheme (including options exercised, cancelled and outstanding) and any other share option schemes of our Company to such person in any 12-month period up to and including the date of grant:
 - (a) representing in aggregate over 0.1% of the Shares in issue; and

- (b) 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 is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all information as required under the GEM Listing Rules in this regard. The grantee, his/her associate and all core connected persons of our Company shall abstain from voting (except where any of such person intends to vote against the proposed grant and his/her intention to do so has been stated in the aforesaid circular). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

(h) Restrictions on the times of grant of options

- (i) No offer for the grant of options may be made after any inside information has come to the knowledge of our Group until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. No option may be granted during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
 - (b) the deadline for our Company to publish an announcement of the 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).
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published and:
 - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) *Time of exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(j) *Ranking of Shares*

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(k) *Rights are personal to grantee*

An option shall not be transferable or assignable and shall be personal to the grantee of the option. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option (where the grantee is a company, any change of its major shareholder or any substantial change in its management as determined by the Board at its sole discretion will be deemed to be a sale or transfer of interest as aforesaid, if so determined by the Board at its sole discretion).

(l) *Rights on cessation of employment by death*

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (m) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his/her death or within such period of 12 months following his/her death, then his/her legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(m) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with our Group.

(n) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group for any reason other than his/her death or the termination of his/her employment on one or more of the grounds specified in (m) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(o) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised, and/or the subscription prices of any unexercised option, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable and in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification or confirmation is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he/she/it was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(p) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(q) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(r) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors of our Company to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (the “**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon

such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of its officers.

(s) Lapse of options

Subject to paragraph (l) above, an option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (k);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (l), (n), (p), (q) or (r) above;
- (iv) subject to paragraph (q) above, the date of the commencement of the winding-up of our Company;
- (v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his/her creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his/her integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) becoming effective, the date on which such compromise or arrangement becomes effective.

(t) *Cancellation of options granted but not yet exercised*

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(u) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of ten years commencing on its adoption date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(v) *Alteration to the Share Option Scheme*

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options and the prospective grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

(w) *Termination of the Share Option Scheme*

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(x) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional upon the Listing Division granting the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and commencement of dealings in the Shares on the Stock Exchange.

Present status of the Share Option Scheme

Application has been made to the Listing Division for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this document, no option has been granted or agreed to be granted under the Share Option Scheme.

OTHER INFORMATION

16. Estate duty/other indemnity

Our Directors have been advised that no material liability for estate duty in Hong Kong is likely to fall on our Company or any of its subsidiaries.

Each of Advance Goal, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu (the “**Indemnifiers**”) has, pursuant to the Deed of Indemnity, given indemnity in favour of our Group from and against, among other things, any tax liabilities which might be paid or payable by any member of our Group (the “**Group Member(s)**”) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received before the Listing Date, save:

- (a) to the extent that provision has been made for such taxation in the audited consolidated financial statements of our Group as set out in Appendix I to this prospectus;
- (b) to the extent that such taxation claim arises or is incurred as a consequence of any retrospective change in laws or regulations or the interpretation or practice by the Hong Kong Inland Revenue Department or any other tax or government authorities in any part of the world coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, our Group Member which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date on which the Deed of Indemnity becomes effective (the “**Effective Date**”);

- (d) to the extent that such taxation or liability is/are discharged by another person who is not a Group Member and that none of our Company and Group Members is required to reimburse such person in respect of the discharge of such taxation or liability;
- (e) to the extent that such taxation or liability would not have arisen but for any act or omission by any Group Member (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the date hereof or carried out, made or entered into pursuant to a legally binding commitment created before the Effective Date; and
- (f) to the extent of any provisions or reserve made for taxation in the audited accounts of our Group as set out in Appendix I to this prospectus which is finally established to be an over-provision or an excessive reserve.

Further, pursuant to the Deed of Indemnity, the Indemnifiers have jointly and severally given indemnity in respect of, among other matters, any liability for Hong Kong estate duty, if any, which might be incurred by our Company or any Group Member by reason of any transfer of property to any of the members of our Group on or before the Listing Date. Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, the British Virgin Islands, and Hong Kong being jurisdictions in which the companies comprising our Group are incorporated.

In addition, pursuant to the Deed of Indemnity, the Indemnifiers have agreed and undertaken to jointly and severally indemnify the members of our Group and each of them and at all times keep the same fully indemnified on demand from and against, save to the extent that full provision has been made as set out in Appendix I to this prospectus, all claims, damages, losses, costs, expenses, fines, actions and proceedings whatsoever and howsoever arising at any time whether present or in the future as a result of or in connection with:

- (a) any and all expenses, payments, sums, outgoings fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to, legal and other professional costs), charges, contributions, liabilities, fines, penalties (collectively the “**Cost**”) which our Company or any Group Members may incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with any failure, delay or defects of corporate or regulatory compliance under, or any breach of any provision of, the Companies Ordinance, its predecessor ordinance (formerly known as the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong));

- (b) any and all Costs which our Company or any Group Members may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any failure to obtain the necessary licenses, consents or permits under Hong Kong Laws for any Group Member's valid and legal establishment and/or operation on or before the Effective Date;
- (c) any and all costs which any Group Members may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any errors, discrepancies or missing documents in the statutory records of any Group Members arising or accruing in relation to any Group Members on or before the Effective Date; and
- (d) any direct losses and damages that our Company or any Group Members may suffer as a result of non compliance incidents occurred prior to the Effective Date.

17. Litigation

Neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of its subsidiaries.

18. Sole Sponsor

The 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 (a) the Capitalisation Issue; and (b) the exercise of options which may be granted under the Share Option Scheme.

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under rule 6A.07 of the GEM Listing Rules.

Our Company has entered into an agreement with the Sole Sponsor, pursuant to which our Company agreed to pay HK\$4.6 million to the Sole Sponsor to act as the sponsor to our Company for purposes of the Share Offer.

19. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Halcyon Capital Limited as its compliance adviser to provide consultancy 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 the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date.

20. Preliminary expenses

The preliminary expenses of our Company are approximately HK\$44,000 and are payable by our Company.

21. Promoter

Our Company has no promoter.

22. 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
Halcyon Capital Limited	A licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Conyers Dill & Pearman	Legal advisers to our Company as to Cayman Islands laws
Euromonitor International Limited	Independent industry consultant
Robertsons	Legal advisers to our Company as to Hong Kong laws

Each of the experts named above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letter, opinion and/or the references to its name included herein in the form and context in which it is respectively included.

None of the experts named above has any shareholding interest in any members of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

23. Binding Effect

This prospectus shall have the effect, if application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

24. Taxation of holders of Shares**(a) Hong Kong****(i) Profits**

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

(ii) Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

(iii) Estate duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. The estate of a person who died before 11 February 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111, Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including 15 July 2005 to 11 February 2006 with value exceeding HK\$7.5 million shall be a nominal amount of HK\$100. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of shares whose death occurs on or after 11 February 2006.

(b) Cayman Islands

Under the Cayman Islands law currently in force, there is no stamp duty payable in the Cayman Islands on transfers of Shares other than on transfers of Shares of companies that hold 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 doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer will accept 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 or exercise of any rights attaching to them.

25. Miscellaneous

(a) Save as disclosed herein:

- (i) Within the two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (bb) no commissions, discounts, brokerages (other than under the Underwriting Agreements) 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 its subsidiaries;
 - (cc) no commission has been paid or payable for subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of its subsidiaries; and
 - (dd) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (ii) our Directors confirm there has been no material adverse change in the financial position or trading position or prospects of our Group since 31 July 2017 (being the date to which the latest audited consolidated financial statements of our Group were made up);
- (iii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months preceding the date of this prospectus;

- (iv) our Company has no founders shares, management shares or deferred shares;
 - (v) none of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought;
 - (vi) none of our Directors nor any of the persons whose names are listed in paragraph headed "22. Qualifications of experts" in this Appendix has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group;
 - (vii) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the 24 months preceding the date of this prospectus;
 - (viii) all necessary arrangements have been made to enable the Shares to be admitted into CCASS;
 - (ix) there is no arrangement under which future dividends have been waived;
 - (x) no company within our Group is presently listed on any stock exchange or traded on any trading system; and
 - (xi) in case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.
- (b) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

26. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the paragraph headed “Statutory and General Information — Other information — 22. Qualifications of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the paragraph headed “Statutory and General Information — Further information about the business of our Group — 7. 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 Robertsons, at 57th Floor, The Center, 99 Queen’s Road 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 Articles of Association of our Company;
- 2. the accountants’ report of our Group dated 31 January 2018 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 our Group for the two financial years ended 31 March 2017 and the four months ended 31 July 2017;
- 4. the report on the unaudited pro forma financial information of our Group dated 31 January 2018 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- 5. the rules of the Share Option Scheme;
- 6. the letter prepared by Conyers Dill & Pearman summarising certain aspects of 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 “Statutory and General Information — Further information about the business of our Group — 7. Summary of material contracts” in Appendix IV to this prospectus;
9. the written consents referred to in the paragraph headed “Statutory and General Information — Other information — 22. Qualifications of experts” in Appendix IV to this prospectus;
10. the service contracts and letters of appointment with each of our Directors referred to in the paragraph headed “Statutory and General Information — Further information about Directors, management and substantial Shareholders — 11. Particulars of Directors’ service contracts and letters of appointment” in Appendix IV to this prospectus;
11. the Hong Kong legal opinion prepared by Robertsons, our Hong Kong Legal Advisers, in respect of the applicable laws and regulations of our operations in Hong Kong as well as our operational and corporate matters in Hong Kong; and
12. the Euromonitor Report referred to in the section headed “Industry Overview” in this prospectus.

D C B Holdings Limited