
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS AND CORPORATE DEVELOPMENT

Overview

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 15 May 2015 in preparation for Listing and is the holding company of the Group. As at the Latest Practicable Date, the subsidiaries of the Company comprised AcouSystem, BuildMax (HK), Youkang, KPa (HK), KPa (SZ), KPa Contracting, KPa Engineering, Light Dimension and Sun Pool. Details of these subsidiaries and the corporate structure of the Group are set out in the section headed “History, Reorganisation and Corporate Structure — The Group’s structure and corporate history” to this prospectus.

Prior to the Listing, the Group underwent the Reorganisation and immediately following the completion of the Reorganisation, the entire issued share capital of the Company was owned by Mr. Lui, Mr. Wai, Mr. Yip and Success Wing.

Immediately following the completion of the Capitalisation Issue and the Placing, Mr. Lui, Mr. Wai, Mr. Yip and Success Wing will in aggregate own 75.0% of the voting rights in the Company (without taking into account any Shares which will be allotted and issued upon exercise of any option(s) which may be granted under the Share Option Scheme).

Business development

Prior to the establishment of the Group, Mr. Lui, Mr. Wai and Mr. Yip were friends and business partners of a business principally engaged in the trading and installation of racks through Sun Pool, which was unrelated to that of the Group (the “**Unrelated Business**”).

The Group’s history can be traced back to December 1991, when Mr. Wai established KPa Engineering with a business partner, who is an Independent Third Party. To the best knowledge of the Directors, Mr. Wai financed KPa Engineering with his personal resources when it was first established. Mr. Wai was soon joined by Mr. Lui, who decided to invest in KPa Engineering and became a shareholder in January 1992. KPa Engineering commenced its business in 1992 and was principally engaged in (i) the trading of building material products; and (ii) the provision of small scale building construction works as a subcontractor. Sun Pool acquired the issued share capital of KPa Engineering in January 1993 and thereafter, Sun Pool ceased all its operation of the Unrelated Business.

In 2001, Mr. Lui, Mr. Wai and Mr. Yip decided to expand their business in the trading of building material products. As a result, in August 2001, they incorporated BuildMax (HK) through Sun Pool together with (i) Mr. Chan, an employee of KPa Engineering; (ii) an Independent Third Party, a then employee of KPa Engineering; and (iii) Mr. Liu, a friend of Mr. Lui, Mr. Wai and Mr. Yip.

In response to demands from the customers, BuildMax (HK) also offered services related to the installation of building material products for its customers. The installation services offered by BuildMax (HK) involves construction projects which are generally smaller in scale than the projects undertaken by KPa Engineering.

As at the Latest Practicable Date, the Group was principally engaged in (i) the provision of structural engineering works with a focus on design and build projects in Hong Kong; and (ii) trading of building material products predominately in Hong Kong. During the Track Record Period and up to the

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Latest Practicable Date, KPa Engineering is a registered approved specialist contractor in the category of structural steelwork and an approved supplier of materials in the category of transparent panels for noise barriers on highways with the Development Bureau. It is also a registered minor works contractor with the Buildings Department.

Milestones of the Group

The chronological overview of the key events of development of the Group is set out below:

<u>Date</u>	<u>Milestone</u>
December 1991	KPa Engineering was incorporated in Hong Kong on 12 December 1991
March 1998	KPa Engineering was included in the List of Approved Suppliers of Materials and Specialist Contractors for Public Works under the category of Structural Steelwork with the Development Bureau
August 2001	BuildMax (HK) was incorporated in Hong Kong on 15 August 2001 and was principally engaged in the sale, distribution and installation of building material products
November 2005	KPa Engineering was included in the List of Approved Suppliers of Materials and Specialist Contractors for Public Works under the category of Prefabricated Architectural Walls and Finishes (Screens, Sound Barriers and Retaining Walls) with the Development Bureau
January 2009	KPa Engineering was accredited ISO 9001: 2008
December 2009	KPa Engineering received the certificate of “New Works Project — Outstanding Building Project” for the project, namely “Redevelopment of Upper Ngau Tau Kok Estate Phases 2 and 3”
January 2011	KPa Engineering was accredited ISO 14001: 2004 and OHSAS 18001: 2007
February 2011	BuildMax (HK) was accredited OHSAS 18001: 2007
March 2011	BuildMax (HK) was accredited ISO 9001: 2008, and ISO 14001: 2004
January 2013	The Integrated Management System of KPa Engineering was certified to have complied with ISO 9001: 2008, ISO 14001: 2004 and OHSAS 18001: 2007
May 2013	KPa Engineering was included in the List of Registered Subcontractor with the Construction Industry Council
January 2015	AcouSystem was accredited ISO 9001: 2008

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<u>Date</u>	<u>Milestone</u>
March 2015	KPa (SZ) was incorporated in the PRC as a wholly-owned foreign enterprise, the entire equity interest of which is held by BuildMax (HK). KPa (SZ) was principally engaged in the design of aluminum curtain walls, noise barriers, ceiling, glass curtain walls and aluminum compound plate

THE GROUP'S STRUCTURE AND CORPORATE HISTORY

The following sets forth the development of the Group's subsidiaries since their respective date of incorporation:

AcouSystem

AcouSystem was incorporated in Hong Kong on 17 November 2014 as a limited liability company. It had no substantial operation during the Track Record Period. As at the date of its incorporation, AcouSystem was owned as to approximately 33.3% by each of Mr. Lui, Mr. Wai and Mr. Yip respectively.

On 3 July 2015, as part of the Reorganisation, Light Dimension acquired from each of Mr. Lui, Mr. Wai and Mr. Yip his respective entire shareholding in AcouSystem. In consideration thereof, Light Dimension allotted and issued as fully paid one share to each of Mr. Lui, Mr. Wai and Mr. Yip. The above transfers were properly and legally completed and settled and as a result, AcouSystem became a wholly-owned subsidiary of Light Dimension.

BuildMax (HK)

BuildMax (HK) was incorporated in Hong Kong on 15 August 2001 as a limited liability company. It is principally engaged in the sales, distribution and installation of building material products. As at the date of its incorporation, BuildMax (HK) was owned as to 50.0% by Sun Pool, 30.0% by Mr. Liu, 10.0% by Mr. Chan and 10.0% by an Independent Third Party. On 6 October 2004, the Independent Third Party transferred his entire shareholding interests in BuildMax (HK) to Sun Pool at the consideration of HK\$30,000, which has been properly and legally completed and settled. The consideration was arrived at after arm's length negotiations between the parties. Following the completion of the above transfer, BuildMax (HK) was owned as to 60.0% by Sun Pool, 30.0% by Mr. Liu and 10.0% by Mr. Chan.

On 14 September 2015, as part of the Reorganisation, Sun Pool acquired from each of Mr. Liu and Mr. Chan his entire shareholding interests in BuildMax (HK), and in consideration thereof, Sun Pool procured its holding company, namely, Youkang, to allot and issue as fully paid three shares and one share to Mr. Liu and Mr. Chan respectively. The said transfers had been properly and legally completed and settled. After the said transfers, BuildMax (HK) became a wholly-owned subsidiary of Sun Pool.

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Youkang

Youkang was incorporated in the BVI on 29 May 2015 as a limited liability company. It is an investment holding company in the Group. At the time of incorporation, Youkang was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.0. No subscriber share was allotted and issued as of incorporation. On 11 June 2015, three subscriber shares, credited as fully paid were allotted and issued to Light Dimension at par. After the said issue and allotment, Youkang became a wholly-owned subsidiary of Light Dimension.

After the completion of the Reorganisation, Youkang became the holding company of Sun Pool.

KPa (HK)

KPa (HK) was incorporated in Hong Kong on 8 August 2014 as a limited liability company. It is principally engaged in trading and provision of construction materials and provision of construction related works in Hong Kong. As at the date of its incorporation, KPa (HK) was owned as to approximately 33.3% by each of Mr. Lui, Mr. Wai and Mr. Yip respectively.

On 3 July 2015, as part of the Reorganisation, Light Dimension acquired from Mr. Lui, Mr. Wai and Mr. Yip their respective entire shareholding interests in KPa (HK). In consideration thereof, Light Dimension allotted and issued as fully paid one share to each of Mr. Lui, Mr. Wai and Mr. Yip. The said transfers had been properly and legally completed and settled and as a result, KPa (HK) became a wholly-owned subsidiary of Light Dimension.

KPa (SZ)

KPa (SZ) was incorporated on 2 March 2015 and is principally engaged in the design of aluminum curtain walls, noise barriers, ceiling, glass curtain walls and aluminum compound plate. As at the date of its incorporation and up to the Latest Practicable Date, KPa (SZ) had a total registered capital of HK\$1,000,000 which was wholly contributed by BuildMax (HK). By 4 May 2015, the aggregate paid-up capital of KPa (SZ) was HK\$500,000, representing 50.0% of the registered capital and the remaining of HK\$500,000 shall be paid up on or before 2 March 2018.

KPa Contracting

KPa Contracting was incorporated in Hong Kong on 25 August 2014 as a limited liability company. It had no substantial operation during the Track Record Period. As at the date of its incorporation, KPa Contracting was owned as to approximately 33.3% by each of Mr. Lui, Mr. Wai and Mr. Yip.

On 3 July 2015, as part of the Reorganisation, Light Dimension acquired from Mr. Lui, Mr. Wai and Mr. Yip their respective entire shareholding interests in KPa Contracting. In consideration thereof, Light Dimension allotted and issued as fully paid one share to each of Mr. Lui, Mr. Wai and Mr. Yip, credited as fully paid at par. The said transfers had been properly and legally completed and settled and as a result, KPa Contracting became a wholly-owned subsidiary of Light Dimension.

KPa Engineering

KPa Engineering was incorporated in Hong Kong on 12 December 1991 as a limited liability company. It is principally engaged in the provision of structural engineering services in design and build projects in Hong Kong. As at the date of its incorporation, KPa Engineering was owned as to 50.0% by Mr. Wai and 50.0% by an Independent Third Party. On 14 January 1992, KPa Engineering allotted and issued an aggregate of 9,998 new shares to the Independent Third Party, Mr. Wai and Mr. Lui, and as a result, KPa Engineering was owned as to 50.0% by the Independent Third Party, 30.0% by Mr. Wai and 20.0% by Mr. Lui, respectively. On 20 March 1992, KPa Engineering further allotted and issued an aggregate of 490,000 new shares to the said parties and their respective percentage of shareholding remained unchanged after the said allotment of new shares. On 15 January 1993, the Independent Third Party transferred its entire shareholding interest in KPa Engineering to Mr. Lui and Mr. Wai at the aggregate consideration of HK\$830,000 which had been properly and legally completed and settled. On 21 January 1993, Mr. Lui and Mr. Wai each transferred his entire shareholding interests in KPa Engineering to Sun Pool at the nominal consideration of HK\$1.00, which had been properly and legally completed and settled. After the said transfers, KPa Engineering was wholly-owned by Sun Pool. On 15 January 1998 and 13 January 1999, KPa Engineering allotted and issued as fully paid an aggregate of 1,500,000 new shares and 1,000,000 new shares respectively to Mr. Lui, Mr. Wai, Mr. Yip and Sun Pool. After the said allotments of shares and prior to the Reorganisation, KPa Engineering was owned as to approximately 27.8% by Mr. Lui, approximately 27.8% by Mr. Wai, approximately 27.8% by Mr. Yip and approximately 16.7% by Sun Pool, respectively.

On 3 July 2015, as part of the Reorganisation, (i) each of Mr. Lui, Mr. Wai and Mr. Yip transferred his entire shareholding interests in KPa Engineering to Light Dimension, in consideration thereof, Light Dimension allotted and issued as fully paid one share to each of Mr. Lui, Mr. Wai and Mr. Yip; and (ii) Sun Pool transferred its entire shareholding interests in KPa Engineering to Light Dimension, in consideration thereof and at the direction of Sun Pool, Light Dimension allotted and issued as fully paid one share to Mr. Lui, Mr. Wai and Mr. Yip jointly. The said transfers had been properly and legally completed and settled. After the said transfers, KPa Engineering became a wholly-owned subsidiary of Light Dimension.

Light Dimension

Light Dimension was incorporated in the BVI on 20 May 2015 as a limited liability company. It is an investment holding company in the Group. Light Dimension was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.0. At the time of incorporation, no subscriber share was allotted and issued. On 11 June 2015, one subscriber share, credited as fully paid, was allotted and issued to each of Mr. Lui, Mr. Wai and Mr. Yip at par. After the said issue and allotment, Light Dimension was owned as to approximately 33.3% by each of Mr. Lui, Mr. Wai and Mr. Yip.

On 22 September 2015, as part of the Reorganisation, the Company acquired the entire share capital of Light Dimension from Mr. Lui, Mr. Wai and Mr. Yip. In consideration thereof, the Company, at the direction and request of Mr. Lui, Mr. Wai and Mr. Yip, allotted and issued as fully paid an aggregate of 99 Shares to Mr. Lui, Mr. Wai, Mr. Yip and Success Wing and the one

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nil paid subscriber share previously issued to Success Wing was credited as fully paid. The said transfer had been properly and legally completed and settled. After the said transfers, Light Dimension became a wholly-owned subsidiary of the Company.

Sun Pool

Sun Pool was incorporated in Hong Kong on 28 February 1991 as a limited liability company. Immediately prior to its acquisition of shareholding interests in the Group, Sun Pool was owned as to approximately 33.3% by each of Mr. Lui, Mr. Wai and Ms. Lam and was engaged in the Unrelated Business. After acquiring shareholding interests in KP a Engineering, Sun Pool ceased the operation of the Unrelated Business and became an investment holding company of the Group. The respective percentage of shareholding of Mr. Lui, Mr. Wai and Ms. Lam in KP a Engineering remained unchanged since then until immediately prior to the Reorganisation, with each of them holding approximately 33.3% of the issued share capital in Sun Pool. Pursuant to a confirmatory deed executed by Ms. Lam on 12 June 2015, Ms. Lam confirmed that she held the said shareholding interests in Sun Pool for and on behalf of Mr. Yip. Ms. Lam is the spouse of Mr. Yip.

On 30 June 2015, as part of the Reorganisation, Ms. Lam entered into a sale and purchase agreement with Mr. Yip, pursuant to which Ms. Lam transferred her entire shareholding interests in Sun Pool back to Mr. Yip at a consideration of HK\$995,230, with reference to the net asset value of Sun Pool as at 31 March 2015, instead of a nominal amount (the “**Transaction**”). The said transfer had been properly and legally completed and settled. This is due to the implementation of the Announcement on Certain Issues Concerning Enterprise Income Taxes Related to Indirect Transfer of Assets by a Non-resident Enterprise* (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (“**Announcement No. 7**”), on 3 February 2015 by the State Administration of Taxation of the PRC, pursuant to which, any indirect transfer of assets of non-resident enterprise in the PRC (including equity interest in a foreign-owned enterprise) through the transfer of shares of its holding company outside the PRC (the “**offshore share transaction**”) is required to file, *inter alia*, the relevant sale and purchase agreement of the offshore transaction to the PRC tax authority for tax assessment purpose, i.e. to assess whether the offshore transaction shall be subject to Enterprise Income Tax (“**EIT**”) under the PRC tax laws, under Announcement No. 7. Since (i) pursuant to Article 1 of the said Announcement No.7 and Article 47 of the EIT Law, where enterprises have implemented other arrangement (such as offshore share transaction) without reasonable business objectives to reduce the payable income or income tax, the tax authority has the right to adjust the consideration thereunder in the manner it finds reasonable; and (ii) the policy under Announcement No. 7 had been implemented for a short period of time and the scope and application of which remained uncertain, Mr. Yip and Ms. Lam therefore decided to effectuate the Transaction at a reasonable consideration based on the net asset value of Sun Pool as at 31 March 2015.

As subsequently advised by the PRC Legal Advisers, after conducting an enquiry with the State Tax Bureau of Shenzhen Luohu District, the PRC tax authority on 29 July 2015, the PRC tax authority has, upon reviewing the relevant sale and purchase agreement and ancillary documents related to the Transaction, confirmed that the rules under Announcement No. 7 is not applicable to the said transaction between Mr. Yip and Ms. Lam, which is therefore not subject to any EIT in the PRC.

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Subsequently, on 17 August 2015, as part of the Reorganisation, Youkang acquired from each of Mr. Lui, Mr. Wai and Mr. Yip his entire shareholding interests in Sun Pool, and in consideration thereof Youkang allotted and issued as fully paid an aggregate of three shares to Light Dimension as directed and requested by Mr. Lui, Mr. Wai and Mr. Yip. The said transfers of shares had been properly and legally completed and settled. After the said transfers, Sun Pool became a wholly-owned subsidiary of Youkang.

PARTIES ACTING IN CONCERT

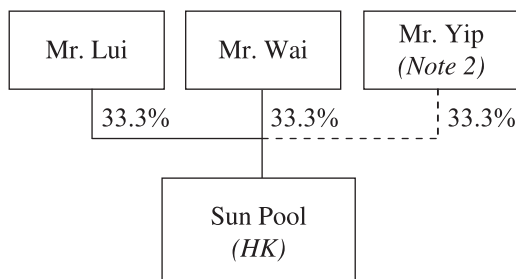
On 14 July 2015, the ultimate Controlling Shareholders, namely Mr. Lui, Mr. Wai and Mr. Yip entered into the Concert Parties Confirmatory Deed to acknowledge and confirm:

- (a) that among each of them that they are parties acting in concert of the relevant member of the Group (collectively the “**Relevant Companies**”) since the date they all became the Shareholders of such Relevant Company and continue as at and after the date of the Concert Parties Confirmatory Deed;
- (b) they shall give unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of the Relevant Companies including, but not limited to, their financing and operating activities;
- (c) they shall cast unanimous vote collectively for or against all resolutions in all meetings and discussions of the Relevant Companies;
- (d) they shall cooperate with each other to obtain and maintain the collective control and the management of the Relevant Companies; and
- (e) they shall obtain written consent from all the parties to the Concert Parties Confirmation Deed in advance of purchasing, selling, pledging or creating any right to acquire or dispose of any securities of the Company and/or any of the Relevant Companies.

REORGANISATION

Immediately, prior to the Reorganisation, the respective structure of the subsidiaries of the Group was as follows:

Sun Pool (Note 1)

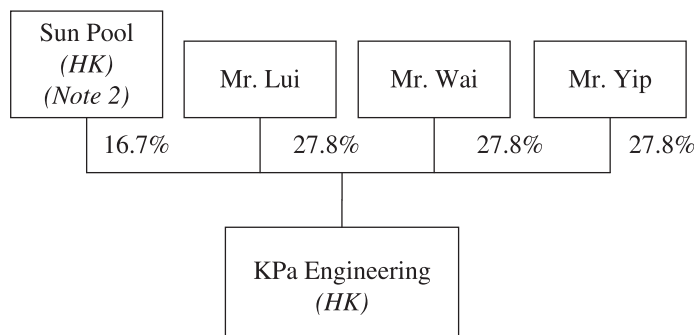


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Notes:

1. The aggregate of the shareholding percentage figures in the diagram does not add up to 100 percent due to rounding issue of the decimal places.
2. Pursuant to a confirmatory deed dated 12 June 2015, Ms. Lam, the spouse of Mr. Yip, confirmed that she held one third of the issued share capital of Sun Pool in trust for and on behalf of Mr. Yip.

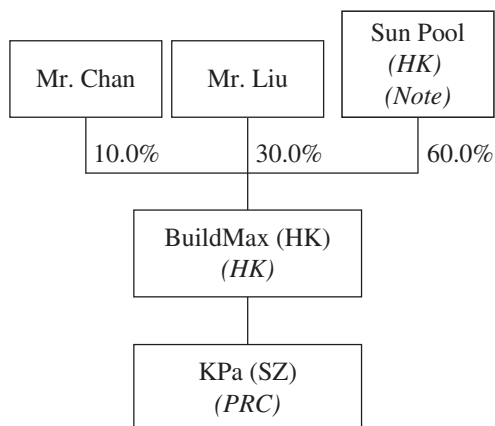
KPa Engineering (Note 1)



Notes:

1. The aggregate of the shareholding percentage figures in the diagram does not add up to 100 percent due to rounding issue of the decimal places.
2. For the shareholding structure of Sun Pool, please refer to the above diagram and section headed “History, Reorganisation and corporate structure — Reorganisation — Sun Pool” to this prospectus above.

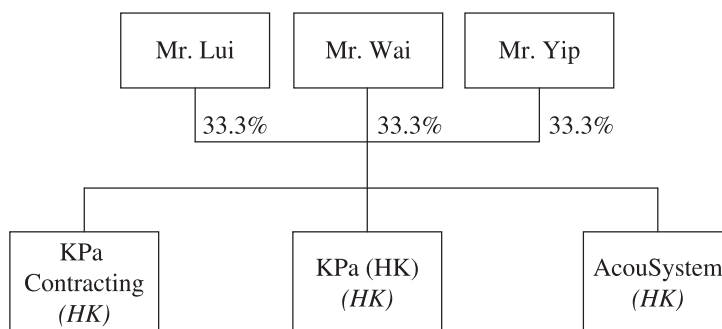
BuildMax (HK) and KPa (SZ)



Note: For the shareholding structure of Sun Pool, please refer to the above diagram and the section headed “History, Reorganisation and corporate structure — Reorganisation — Sun Pool” to this prospectus above.

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KPa Contracting, KPa (HK) and AcouSystem (Note)



Note: The aggregate of the shareholding percentage figures in the diagram does not add up to 100 percent due to rounding issue of the decimal places.

CORPORATE RESTRUCTURING

To rationalise the Group's structure in preparation for Listing, the Group underwent various corporate restructuring as more particularly described as follows:

- (1) The Company was incorporated in the Cayman Islands on 15 May 2015 as an exempted company with limited liability under the Companies Law. At the time of incorporation, the Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one nil paid Share was allotted and issued to a subscriber, which was transferred to Success Wing on 21 May 2015.
- (2) Light Dimension was incorporated in BVI with limited liability on 20 May 2015. At the time of incorporation, Light Dimension was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.0, and no subscriber share was allotted and issued. On 11 June 2015, one subscriber share of Light Dimension credited as fully paid at par was allotted and issued to each of Mr. Lui, Mr. Wai and Mr. Yip.
- (3) Youkang was incorporated in the BVI on 29 May 2015 as a limited liability company. At the time of incorporation, Youkang was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.0, and no subscriber share was allotted and issued. On 11 June 2015, three subscriber shares, credited as fully paid at par, were issued and allotted to Light Dimension. After the said issue and allotment, Youkang became a wholly-owned subsidiary of Light Dimension.
- (4) On 30 June 2015, Ms. Lam entered into a sale and purchase agreement with Mr. Yip, pursuant to which Ms. Lam transferred her entire shareholding interests in Sun Pool back to Mr. Yip at the consideration of HK\$995,230. The said transfer of shares had been properly and legally completed and settled. After the said transfer, Sun Pool was owned as to approximately 33.3% by Mr. Lui, 33.3% by Mr. Wai and 33.3% by Mr. Yip.
- (5) On 3 July 2015, (i) Mr. Lui, Mr. Wai and Mr. Yip each transferred his entire shareholding interests in KPa Engineering to Light Dimension, in consideration thereof, Light Dimension allotted and issued as fully paid one share to each of Mr. Lui, Mr. Wai and Mr. Yip; and (ii) Sun Pool transferred its entire shareholding interests in KPa Engineering to Light Dimension,

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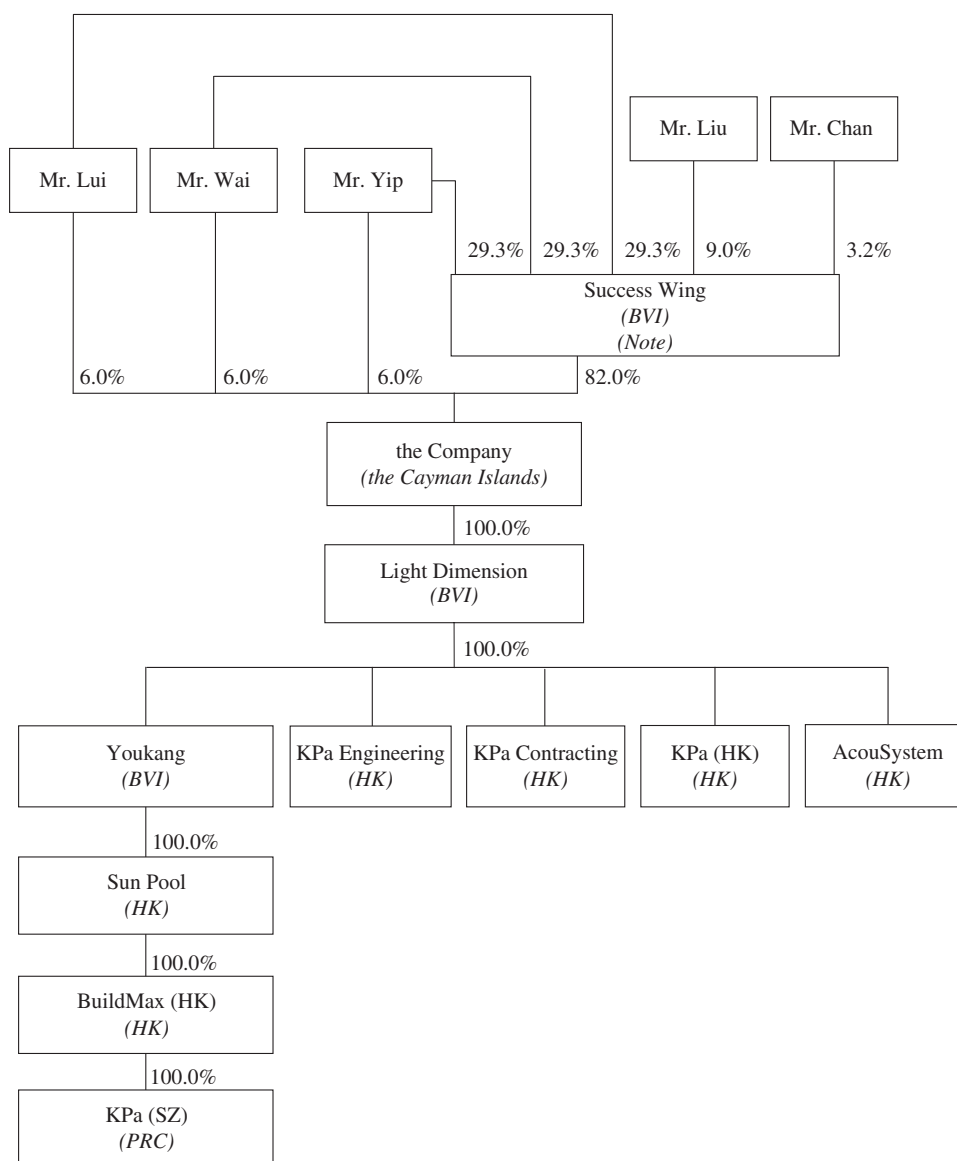
in consideration thereof and at the direction of Sun Pool, Light Dimension allotted and issued as fully paid one share to Mr. Lui, Mr. Wai and Mr. Yip jointly. The said transfers had been properly and legally completed and settled. After the said transfers, KPa Engineering became a wholly-owned subsidiary of Light Dimension.

- (6) On 3 July 2015, Mr. Lui, Mr. Wai and Mr. Yip each transferred his entire shareholding interests in KPa Contracting to Light Dimension. In consideration thereof, Light Dimension allotted and issued as fully paid one share to each of Mr. Lui, Mr. Wai and Mr. Yip. The said transfers had been properly and legally completed and settled and as a result, KPa Contracting became a wholly-owned subsidiary of Light Dimension.
- (7) On 3 July 2015, Mr. Lui, Mr. Wai and Mr. Yip each transferred his entire shareholding interests in KPa (HK) to Light Dimension. In consideration thereof, Light Dimension allotted and issued as fully paid one share to each of Mr. Lui, Mr. Wai and Mr. Yip. The said transfers had been properly and legally completed and settled and as a result, KPa (HK) became a wholly-owned subsidiary of Light Dimension.
- (8) On 3 July 2015, Mr. Lui, Mr. Wai and Mr. Yip each transferred his entire shareholding interests in AcouSystem to Light Dimension. In consideration thereof, Light Dimension allotted and issued as fully paid one share to each of Mr. Lui, Mr. Wai and Mr. Yip. The said transfers had been properly and legally completed and settled and as a result, AcouSystem became a wholly-owned subsidiary of Light Dimension.
- (9) On 17 August 2015, Youkang acquired from each of Mr. Lui, Mr. Wai and Mr. Yip his entire shareholding interests in Sun Pool, and in consideration thereof Youkang allotted and issued as fully paid an aggregate of three shares to Light Dimension as directed and requested by Mr. Lui, Mr. Wai and Mr. Yip. The said transfers of shares had been properly and legally completed and settled. After the said transfers, Sun Pool became a wholly-owned subsidiary of Youkang.
- (10) On 14 September 2015, Sun Pool acquired from each of Mr. Liu and Mr. Chan his entire shareholding interests in BuildMax (HK), and in consideration thereof Sun Pool procured Youkang to allot and issue as fully paid three shares and one share to Mr. Liu and Mr. Chan respectively. The said transfers of shares had been properly and legally completed and settled. After the said transfers, BuildMax (HK) became a wholly-owned subsidiary of Sun Pool.
- (11) On 22 September 2015, pursuant to the Reorganisation Agreement, the Company acquired from Mr. Lui, Mr. Wai and Mr. Yip their entire shareholding interests in Light Dimension, and in consideration thereof, (i) at the direction and request of Mr. Lui, Mr. Wai and Mr. Yip, the Company allotted and issued as fully paid 6 Shares to Mr. Lui, 6 Shares to Mr. Wai, 6 Shares to Mr. Yip and 81 Shares to Success Wing; and (ii) the one nil paid subscriber Shares held by Success Wing was credited as fully paid. The said transfers had been properly and legally completed and settled. After the said transfers, Light Dimension became a wholly-owned subsidiary of the Company.

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(12) On 22 September 2015, Light Dimension acquired from each of Mr. Liu and Mr. Chan, his entire shareholding interests in Youkang, and in consideration thereof Light Dimension procured Success Wing to allot and issue as fully paid 74 shares and 26 shares to Mr. Liu and Mr. Chan respectively. The said transfers of shares had been properly and legally completed and settled. After the said transfers, Youkang became a wholly-owned subsidiary of Light Dimension.

Upon completion of the Reorganisation set out above, the Company became the holding company of the Group. The following chart sets out the shareholding and corporate structure of the Group immediately after the Reorganisation but prior to completion of the Placing and the Capitalisation Issue:

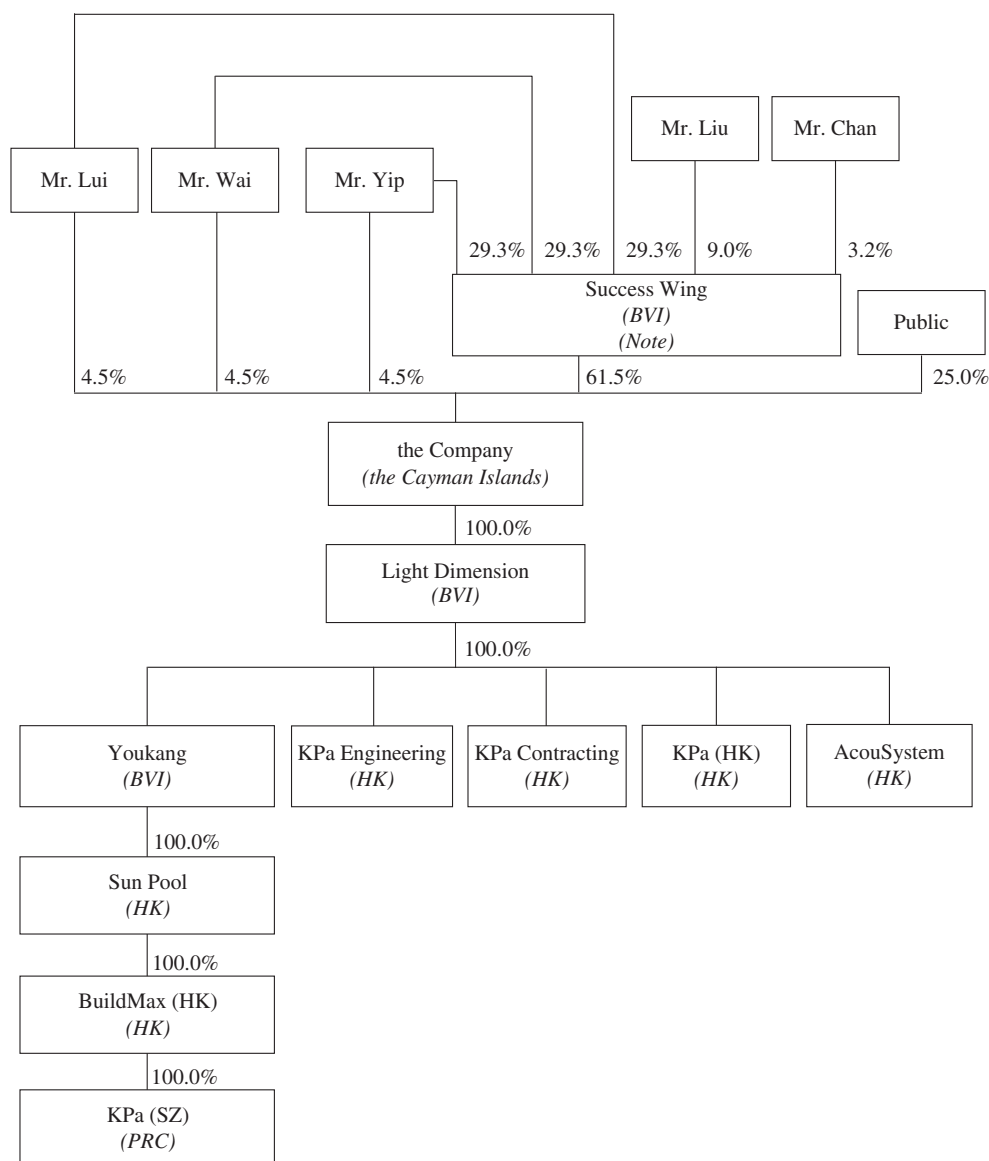


Note: The aggregate of the shareholding percentage figures of Success Wing in the diagram does not add up to 100 percent due to rounding issue of the decimal places.

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Conditional on the share premium account of the Company being credited as a result of the Placing, certain amounts standing to the credit of the share premium account of the Company will be capitalised and applied in paying up in full such number of Shares for allotment and issue to its shareholders (i.e. Mr. Lui, Mr. Wai, Mr. Yip and Success Wing) in proportion to their respective shareholdings in the Company prior to trading and dealing of the Shares commence on GEM, so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by them, will constitute not more than 75.0% of the total issued share capital of the Company.

The following chart sets forth the shareholding structure of the Group immediately following the Placing and the Capitalisation Issue (but assuming that no Share is issued pursuant to the exercise of options which may be granted under the Share Option Scheme):



Note: The aggregate of the shareholding percentage figures of Success Wing in the diagram does not add up to 100 percent due to rounding issue of the decimal places.