



KPa-BM Holdings Limited
應力控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8141)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

Characteristics of the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, 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 announcement.

This announcement, for which the directors (the “Directors”) of KPa-BM Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

| | Notes | Three months ended 30 September | | Six months ended 30 September | |
|--|-------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Revenue | 4 | 70,516 | 42,836 | 142,509 | 77,580 |
| Cost of revenue | | <u>(57,390)</u> | <u>(35,429)</u> | <u>(114,565)</u> | <u>(65,179)</u> |
| Gross profit | | 13,126 | 7,407 | 27,944 | 12,401 |
| Other income and gains | | 117 | 153 | 145 | 179 |
| Marketing and distribution expenses | | (302) | (146) | (545) | (515) |
| Administrative and other operating expenses | | (10,733) | (4,095) | (19,162) | (7,130) |
| Finance costs | | <u>(150)</u> | <u>(175)</u> | <u>(450)</u> | <u>(337)</u> |
| Profit before income tax | 5 | 2,058 | 3,144 | 7,932 | 4,598 |
| Income tax expense | 6 | <u>(1,358)</u> | <u>(529)</u> | <u>(2,579)</u> | <u>(777)</u> |
| Profit for the period | | 700 | 2,615 | 5,353 | 3,821 |
| Other comprehensive income for the period | | <u>43</u> | — | <u>(34)</u> | — |
| Total comprehensive income for the period | | <u>743</u> | <u>2,615</u> | <u>5,319</u> | <u>3,821</u> |
| Profit for the period attributable to: | | | | | |
| Owners of the Company | | 389 | 1,827 | 4,653 | 2,623 |
| Non-controlling interests | | <u>311</u> | <u>788</u> | <u>700</u> | <u>1,198</u> |
| | | <u>700</u> | <u>2,615</u> | <u>5,353</u> | <u>3,821</u> |

| | <i>Notes</i> | Three months ended | | Six months ended | |
|---|--------------|--------------------|-----------------|---------------------|-----------------|
| | | 30 September | | 30 September | |
| | | 2015 | 2014 | 2015 | 2014 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Total comprehensive income for the period attributable to: | | | | | |
| Owner of the Company | | 415 | 1,827 | 4,633 | 2,623 |
| Non-controlling interests | | 328 | 788 | 686 | 1,198 |
| | | <u>743</u> | <u>2,615</u> | <u>5,319</u> | <u>3,821</u> |
| | | HK cents | HK cents | HK cents | HK cents |
| Earnings per share | | | | | |
| Basic and diluted earnings per share | 8 | <u>0.09</u> | <u>0.41</u> | <u>1.03</u> | <u>0.58</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

| | <i>Notes</i> | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|---|--------------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | | 6,806 | 7,096 |
| Prepaid waiver fee | | 2,236 | — |
| Pledged deposits | 11 | <u>3,900</u> | <u>3,900</u> |
| | | <u>12,942</u> | <u>10,996</u> |
| Current assets | | | |
| Inventories | | 2,977 | 3,309 |
| Amounts due from customers of contract works | 9 | 14,958 | 26,354 |
| Trade and other receivables, deposits and prepayments | 10 | 119,019 | 82,100 |
| Amounts due from related companies | | — | 6,362 |
| Amounts due from directors | | — | 2,493 |
| Tax recoverable | | 8 | 8 |
| Pledged bank deposits | | 13,248 | 10,027 |
| Cash and bank balances | | <u>23,711</u> | <u>5,791</u> |
| | | <u>173,921</u> | <u>136,444</u> |
| Current liabilities | | | |
| Amounts due to customers of contract works | 9 | 16,732 | 4,037 |
| Trade and other payables | 12 | 61,920 | 51,888 |
| Derivative financial instruments | | 660 | 276 |
| Amounts due to related parties | | — | 92 |
| Tax payable | | 3,748 | 1,615 |
| Bank borrowings | 13 | 45,994 | 21,890 |
| Obligation under finance leases | | <u>259</u> | <u>279</u> |
| | | <u>129,313</u> | <u>80,077</u> |
| Net current assets | | <u>44,608</u> | <u>56,367</u> |
| Total assets less current liabilities | | <u>57,550</u> | <u>67,363</u> |

| | <i>Notes</i> | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|--|--------------|---|---|
| Non-current liabilities | | | |
| Obligation under finance leases | | <u>486</u> | <u>618</u> |
| Net assets | | <u>57,064</u> | <u>66,745</u> |
| Capital and reserves | | | |
| Share capital | <i>14</i> | — | 3,151 |
| Reserves | | <u>57,064</u> | <u>56,744</u> |
| Equity attributable to owners of the Company | | 57,064 | 59,895 |
| Non-controlling interests | | <u>—</u> | <u>6,850</u> |
| Total equity | | <u>57,064</u> | <u>66,745</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

| | Equity attributable to owners of the Company | | | | | Non-controlling interests HK\$'000 | Total HK\$'000 |
|--|--|-----------------------------|-------------------------------|-------------------------------|-----------------------|---------------------------------------|-------------------|
| | Share capital HK\$'000 | Merger reserve* HK\$'000 | Exchange reserve* HK\$'000 | Retained profits* HK\$'000 | Sub-total HK\$'000 | | |
| Six months ended | | | | | | | |
| 30 September 2014 | | | | | | | |
| (unaudited) | | | | | | | |
| At 1 April 2014 | 3,150 | (850) | — | 47,473 | 49,773 | 5,412 | 55,185 |
| Profit for the period | — | — | — | 2,623 | 2,623 | 1,198 | 3,821 |
| Other comprehensive income for the period | — | — | — | — | — | — | — |
| Total comprehensive income for the period | — | — | — | 2,623 | 2,623 | 1,198 | 3,821 |
| Transactions with owners: | | | | | | | |
| Issue of shares by subsidiaries upon incorporation | 1 | — | — | — | 1 | — | 1 |
| At 30 September 2014 (unaudited) | <u>3,151</u> | <u>(850)</u> | <u>—</u> | <u>50,096</u> | <u>52,397</u> | <u>6,610</u> | <u>59,007</u> |
| Six months ended | | | | | | | |
| 30 September 2015 | | | | | | | |
| (unaudited) | | | | | | | |
| At 1 April 2015 | 3,151 | (850) | — | 57,594 | 59,895 | 6,850 | 66,745 |
| Profit for the period | — | — | — | 4,653 | 4,653 | 700 | 5,353 |
| Other comprehensive income for the period | — | — | (20) | — | (20) | (14) | (34) |
| Total comprehensive income for the period | — | — | (20) | 4,653 | 4,633 | 686 | 5,319 |
| Transactions with owners: | | | | | | | |
| Dividends declared (note 7) | — | — | — | (12,600) | (12,600) | — | (12,600) |
| Dividends paid to non-controlling interests (note 7) | — | — | — | — | — | (2,400) | (2,400) |
| Reorganisation (note 14) | (3,151) | 8,287 | — | — | 5,136 | (5,136) | — |
| | <u>(3,151)</u> | <u>8,287</u> | <u>—</u> | <u>(12,600)</u> | <u>(7,464)</u> | <u>(7,536)</u> | <u>(15,000)</u> |
| At 30 September 2015 (unaudited) | <u>—</u> | <u>7,437</u> | <u>(20)</u> | <u>49,647</u> | <u>57,064</u> | <u>—</u> | <u>57,064</u> |

* The total of these equity accounts as at the end of the reporting period represent “Reserves” in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

| | Six months ended | |
|--|----------------------|---------------------|
| | 30 September | |
| | 2015 | 2014 |
| | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 |
| Net cash used in operating activities | (1,754) | (6,560) |
| Net cash generated from/(used in) investing activities | 764 | (3,591) |
| Net cash from financing activities | <u>18,785</u> | <u>4,001</u> |
| Net increase/(decrease) in cash and cash equivalents | 17,795 | (6,150) |
| Cash and cash equivalents at the beginning of period | <u>777</u> | <u>7,492</u> |
| Cash and cash equivalents at the end of period | <u><u>18,572</u></u> | <u><u>1,342</u></u> |
| Analysis of the balances of cash and cash equivalents | | |
| Cash at banks and in hand | 23,711 | 4,339 |
| Less: Bank overdrafts | <u>(5,139)</u> | <u>(2,997)</u> |
| | <u><u>18,572</u></u> | <u><u>1,342</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2015. The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at 4/F, Henry Centre, 131 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong.

The Group is principally engaged in (i) the provision of structural engineering works for the public and private sectors in Hong Kong; and (ii) trading of building material products.

Pursuant to the reorganisation of the Company (the “Reorganisation”) in connection with the listing of shares of the Company on the GEM (the “Listing”), the Company has become the holding company of its subsidiaries now comprising the Group since 22 September 2015. The shares of the Company were listed on the GEM on 8 October 2015 (the “Listing Date”). Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” to the prospectus of the Company dated 30 September 2015 (the “Prospectus”).

The condensed consolidated financial statements of the Group for the six months ended 30 September 2015 which have not been audited (the “interim financial statements”) were approved for issue by the board of directors on 11 November 2015.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM Listing Rules. They have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value. These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company and its major subsidiaries.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 March 2015 (“2015 Financial Statements”) set out in Appendix I to the Prospectus which have been prepared in accordance with the accounting policies which conforms to the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the 2015 Financial Information except for the adoption of new accounting policies as a result of the completion of the Reorganisation, the details of which have been set out in note (i), and as a result of applying the new or revised HKFRSs as set out in note (ii) below.

(i) Completion of Reorganisation

The Company and its subsidiaries now comprising the Group have been under the common control of the controlling shareholders, Mr. Lui Bun Yuen, Danny (“Mr. Lui”), Mr. Wai Yat Kin (“Mr. Wai”) and Mr. Yip Pak Hung (“Mr. Yip”), before and after the Reorganisation. A contractual arrangement existed among the controlling shareholders to manage the business and operations of the Group on a collective basis. Accordingly, the Reorganisation has been accounted for using merger basis accounting in accordance with Hong Kong Accounting Guideline 5 *Merger Accounting for Common Control Combination* in the 2015 Financial Statements.

Upon completion of the Reorganisation on 22 September 2015, the results of the subsidiaries are consolidated into the financial statements of the Company. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(ii) Adoption of new or revised HKFRSs

Adoption of new or revised HKFRSs effective on 1 April 2015

The HKICPA has issued the following amendments to HKFRSs that are first effect for the current accounting period and relevant to the Group:

| | |
|--------------------|-------------------------------------|
| HKFRS (Amendments) | Annual Improvements 2010–2012 Cycle |
| HKFRS (Amendments) | Annual Improvements 2011–2013 Cycle |

The application of the above new or revised HKFRSs has no material effect on the Group's results and financial position.

New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|-----------------------|---|
| HKFRSs (Amendments) | Annual Improvements 2012–2014 Cycle ¹ |
| Amendments to HKAS 1 | Disclosure Initiative ¹ |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements ¹ |
| HKFRS 9 (2014) | Financial Instruments ³ |
| HKFRS 15 | Revenue from Contracts with Customers ² |

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

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

The directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application.

Accounting estimates and assumptions are used in the preparation of financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions. In preparing these interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2015 Financial Statements.

3. SEGMENT INFORMATION

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Structural engineering works — This segment mainly engages in the provision of structural engineering works for public and private sectors in Hong Kong and the Group mainly acts as a subcontractor.
- Trading of building material products — This segment engages in the sales and supply of building material products in Hong Kong, the People's Republic of China (other than Hong Kong) and overseas.

Information regarding the Group's reporting segments including the reportable segment revenue, segment profit, reconciliation to revenue and profit before income tax are as follows:

| Three months ended 30 September 2015 (unaudited) | Structural engineering works HK\$'000 | Trading of building material products HK\$'000 | Total HK\$'000 |
|---|--|---|---------------------------|
| <i>Segment revenue</i> | | | |
| Sales to external customers | <u>69,106</u> | <u>1,410</u> | <u>70,516</u> |
| <i>Segment profit</i> | | | |
| | <u>12,477</u> | <u>740</u> | 13,217 |
| Corporate and unallocated income | | | 26 |
| Corporate and unallocated expenses | | | <u>(11,185)</u> |
| Profit before income tax | | | <u>2,058</u> |

| Three months ended 30 September 2014 (unaudited) | Structural engineering works <i>HK\$'000</i> | Trading of building material products <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|---|---|--------------------------|
| <i>Segment revenue</i> | | | |
| Sales to external customers | <u>39,983</u> | <u>2,853</u> | <u>42,836</u> |
| <i>Segment profit</i> | <u>6,372</u> | <u>1,035</u> | 7,407 |
| Corporate and unallocated income | | | 153 |
| Corporate and unallocated expenses | | | <u>(4,416)</u> |
| Profit before income tax | | | <u>3,144</u> |
| | | | |
| Six months ended 30 September 2015 (unaudited) | Structural engineering works <i>HK\$'000</i> | Trading of building material products <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| <i>Segment revenue</i> | | | |
| Sales to external customers | <u>139,285</u> | <u>3,224</u> | <u>142,509</u> |
| <i>Segment profit</i> | <u>26,589</u> | <u>1,446</u> | 28,035 |
| Corporate and unallocated income | | | 54 |
| Corporate and unallocated expenses | | | <u>(20,157)</u> |
| Profit before income tax | | | <u>7,932</u> |

| Six months ended 30 September 2014 (unaudited) | Structural engineering works <i>HK\$'000</i> | Trading of building material products <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|---|---|--------------------------|
| <i>Segment revenue</i> | | | |
| Sales to external customers | <u>71,733</u> | <u>5,847</u> | <u>77,580</u> |
| <i>Segment profit</i> | | | |
| | <u>10,028</u> | <u>2,373</u> | 12,401 |
| Corporate and unallocated income | | | 179 |
| Corporate and unallocated expenses | | | <u>(7,982)</u> |
| Profit before income tax | | | <u>4,598</u> |

During the period, the segment assets had not been presented, there has not been a material change from the last annual financial statements for the reportable segment.

4. REVENUE

| | Three months ended | | Six months ended | |
|---|---------------------------|-----------------|-------------------------|-----------------|
| | 30 September | | 30 September | |
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue from rendering structural engineering works | 69,106 | 39,983 | 139,285 | 71,733 |
| Revenue from trading of building material products | <u>1,410</u> | <u>2,853</u> | <u>3,224</u> | <u>5,847</u> |
| | <u>70,516</u> | <u>42,836</u> | <u>142,509</u> | <u>77,580</u> |

5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

| | Three months ended | | Six months ended | |
|---|--------------------|--------------|------------------|--------------|
| | 30 September | | 30 September | |
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Depreciation in respect of: | | | | |
| — Owned assets | 112 | 121 | 223 | 244 |
| — Leased assets | 84 | 99 | 168 | 84 |
| | <u>196</u> | <u>220</u> | <u>391</u> | <u>328</u> |
| Employee benefit expenses (including directors' emoluments) | | | | |
| — Salaries, allowances and benefits in kind | 7,604 | 5,363 | 11,590 | 9,580 |
| — Contribution to defined contribution retirement plan | 269 | 209 | 510 | 388 |
| | <u>7,873</u> | <u>5,572</u> | <u>12,100</u> | <u>9,968</u> |
| Listing expenses | <u>4,200</u> | <u>—</u> | <u>8,176</u> | <u>—</u> |

6. INCOME TAX EXPENSE

The amounts of income tax expense in the consolidated statement of comprehensive income represent:

| | Three months ended | | Six months ended | |
|------------------------------|--------------------|-------------|------------------|-------------|
| | 30 September | | 30 September | |
| | 2015 | 2014 | 2015 | 2014 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Current tax — Hong Kong | | | | |
| — Profits tax for the period | 1,358 | 529 | 2,579 | 777 |
| | <u>1,358</u> | <u>529</u> | <u>2,579</u> | <u>777</u> |

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the respective periods.

No deferred tax has been provided in the interim financial statements as there were no material temporary differences as at 30 September 2015 and 31 March 2015.

7. DIVIDENDS

No dividend was paid or proposed by the Company since its incorporation, nor has any dividend been proposed since the end of reporting period and up to the date of this announcement. On 14 September 2015, the directors of certain subsidiaries declared interim dividends amounting to HK\$15,000,000 in aggregate, of which HK\$12,600,000 was attributable to owners of the Company whereas the remaining HK\$2,400,000 was attributable to the non-controlling interests. The dividend was settled by cash payments of HK\$4,950,000 whereas the remaining balance of HK\$10,050,000 was credited to the current accounts with the directors of the Company and related parties of the Group on 29 September 2015.

No interim dividend was declared for the six months ended 30 September 2014.

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the earning attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The calculation on basic and diluted earnings per share is based on the following information:

| | Three months ended 30 September | | Six months ended 30 September | |
|--|-------------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 | 2015 (Unaudited) HK\$'000 | 2014 (Unaudited) HK\$'000 |
| Earnings | | | | |
| Profit for the period attributable to owners of the Company | <u>389</u> | <u>1,827</u> | <u>4,653</u> | <u>2,623</u> |
| | Number of shares (thousands) | | | |
| Shares | | | | |
| Weighted average number of ordinary shares in issue during the period | <u>450,000</u> | <u>450,000</u> | <u>450,000</u> | <u>450,000</u> |

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the periods has been determined based on the assumption that the Capitalisation Issue as mentioned in note 17(c) had occurred on 1 April 2014.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the periods.

9. AMOUNTS DUE FROM/(TO) CUSTOMERS OF CONTRACT WORKS

| | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|--|--|--|
| Costs incurred to date plus recognised profits | 412,914 | 267,599 |
| Less: Progress billings to date | <u>(414,688)</u> | <u>(245,282)</u> |
| | <u>(1,774)</u> | <u>22,317</u> |
| Amounts due from customers of contract works | 14,958 | 26,354 |
| Amounts due to customers of contract works | <u>(16,732)</u> | <u>(4,037)</u> |
| | <u>(1,774)</u> | <u>22,317</u> |

All amounts due from/(to) customers of contract works are expected to be recovered/settled within one year.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|--|--|--|
| Trade receivables | | |
| Trade receivables <i>(note (a))</i> | 90,933 | 57,788 |
| Less: Provision for impairment | <u>(608)</u> | <u>(665)</u> |
| Trade receivables, net | <u>90,325</u> | <u>57,123</u> |
| Other receivables, deposits and prepayments | | |
| Retention receivables <i>(note (b))</i> | 24,593 | 23,939 |
| Less: Provision for impairment | <u>(235)</u> | <u>(269)</u> |
| Retention receivables, net | 24,358 | 23,670 |
| Deposits | 343 | 169 |
| Prepayments | <u>3,993</u> | <u>1,138</u> |
| | <u>28,694</u> | <u>24,977</u> |
| | <u>119,019</u> | <u>82,100</u> |

Notes:

- (a) The ageing analysis of trade receivables (net), based on invoice date, as of the end of the reporting period is as follow:

| | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|--------------|--|--|
| 0–30 days | 68,078 | 29,483 |
| 31–60 days | 13,593 | 18,036 |
| 61–90 days | 225 | 2,634 |
| Over 90 days | <u>8,429</u> | <u>6,970</u> |
| | <u><u>90,325</u></u> | <u><u>57,123</u></u> |

- (b) As at 30 September 2015, based on due date of retention receivables, the Group retention receivables of approximately HK\$22,954,000 (31 March 2015: HK\$21,914,000) respectively were not yet past due and the remaining balance of approximately HK\$1,404,000 (31 March 2015: HK\$1,756,000) were past due. Based on the assessment of the directors, no impairment allowance is necessary for the net retention receivables outstanding at the end of the reporting period as those balances are from customers with long business relationship and there has not been a significant change in their credit quality.
- (c) Credit policy

In respect of the Group's structural engineering business, the Group usually submits a payment application for interim payment on a monthly basis. The customer usually issues an interim payment certificate within one month from application submission and payment will be settled within another one month. For trading of building material products, the Group usually requires customers to pay a deposit equal to a mutually agreed percentage of the order amount and grants a credit period of 30 days upon delivery of products to customers.

11. PLEDGED DEPOSITS

As at 30 September 2015, the Group had pledged deposit of HK\$3,900,000 (31 March 2015: HK\$3,900,000), which represent deposits placed by the Group with an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values as at 30 September 2015 was HK\$11,446,000 (31 March 2015: HK\$11,446,000). The surety bonds are required for the entire period of the relevant construction contracts. As at 30 September 2015, the respective construction contracts are expected to be completed in year 2017 (31 March 2015: 2017).

The Group and the Directors of the Company, including Mr. Lui, Mr. Wai and Mr. Yip, have unconditionally and irrevocably agreed to indemnify the insurance company for claims and losses the insurance company may incur in respect of the bonds. The indemnity provided by Mr. Lui, Mr. Wai and Mr. Yip had been fully released, discharged or replaced by corporate guarantee or other securities provided by the Group upon the Listing.

12. TRADE AND OTHER PAYABLES

| | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|--|--|--|
| Trade payables | 44,110 | 35,459 |
| Bills payable | <u>—</u> | <u>5,172</u> |
| Trade and bills payables (<i>note (a)</i>) | 44,110 | 40,631 |
| Retention payables (<i>note (b)</i>) | 7,581 | 6,993 |
| Receipts in advance | 430 | 514 |
| Other payables, accruals and deposits | <u>9,799</u> | <u>3,750</u> |
| | <u>61,920</u> | <u>51,888</u> |

Notes:

- (a) The ageing analysis of trade and bills payables, based on invoice date, as of the end of the reporting period is as follows:

| | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|--------------|--|--|
| 0–30 days | 32,700 | 17,678 |
| 31–60 days | 6,703 | 18,292 |
| 61–90 days | 1,418 | 1,983 |
| Over 90 days | <u>3,289</u> | <u>2,678</u> |
| | <u>44,110</u> | <u>40,631</u> |

- (b) As at 30 September 2015, retention payables of HK\$4,164,000 (31 March 2015 : HK\$4,547,000) was aged one year or below and the remaining balance of approximately HK\$3,417,000 (31 March 2015: HK\$2,446,000) was aged over one year.

13. BANK BORROWINGS

| | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|--|--|--|
| Current liabilities | | |
| Secured and interest-bearing bank borrowings | | |
| — Bank overdrafts (<i>note (a)</i>) | <u>5,139</u> | <u>5,014</u> |
| Bank loans subject to repayment on demand clause (<i>note (a)</i>) | | |
| — Bank loans due for repayment within one year | 37,612 | 12,755 |
| — Bank loans due for repayment after one year (<i>note (b)</i>) | <u>3,243</u> | <u>4,121</u> |
| | <u>40,855</u> | <u>16,876</u> |
| | <u><u>45,994</u></u> | <u><u>21,890</u></u> |

Notes:

- (a) Bank borrowings, including trade financing, are interest bearing at the banks' prime rates or cost of funds or Hong Kong Inter-Bank Offered Rate adjusted by certain basis points per annum. The interest rates of the Group's bank borrowings as at 30 September 2015 granted under banking facilities ranged from 2.99% to 5.50% (31 March 2015: 2.58% to 6.25%) per annum.
- (b) The current liabilities as at 30 September 2015 include bank loans of HK\$3,243,000 (31 March 2015: HK\$4,121,000) that are not scheduled to repay within one year after the end of the reporting period. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.
- (c) The Group's bank borrowings and banking facilities are secured by the followings:
- land and buildings with net carrying amount of HK\$5,107,000 as at 30 September 2015 (31 March 2015: HK\$5,191,000);
 - bank deposits of HK\$13,248,000 as at 30 September 2015 (31 March 2015: HK\$10,027,000); and
 - personal guarantees executed by Mr. Lui, Mr. Wai and Mr. Yip, directors of the Company. The personal guarantees provided by Mr. Lui, Mr. Wai and Mr. Yip for the banking facilities existed at the date of this announcement had been fully released, discharged or replaced by corporate guarantees or other securities provided by the Group.

In addition, outstanding loan balances of HK\$150,000 as at 30 September 2015 (31 March 2015: HK\$1,536,000) are subject to special loan guarantee issued by the Government of The Hong Kong Special Administrative Region.

14. SHARE CAPITAL

The share capital balance as at 31 March 2015 in the condensed consolidated statement of financial position represented the issued share capital of its subsidiaries, including KPa Engineering Limited, Sun Pool Engineering Limited, AcouSystem Limited, KPa Contracting Limited and KPa Engineering (HK) Limited as at that date.

The share capital balance as at 30 September 2015 in the condensed consolidated statement of financial position represented the issued share capital of the Company. Details of the authorised and issued and fully paid share capital of the Company are summarised as follows:

The Company

| | Number of Shares | Carrying value HK\$ |
|---|-----------------------------|---------------------------|
| Authorised: | | |
| Ordinary share of HK\$0.01 each (<i>Note (a)</i>) | 38,000,000 | 380,000 |
| Increase in authorised share capital (<i>Note (b)</i>) | <u>1,962,000,000</u> | <u>19,620,000</u> |
| | <u><u>2,000,000,000</u></u> | <u><u>20,000,000</u></u> |
| Issued and fully paid: | | |
| Ordinary share of HK\$0.01 each (<i>Note (a)</i>) | 1 | — |
| Issued and allotted during the period (<i>Note (c)</i>) | <u>99</u> | <u>1</u> |
| | <u><u>100</u></u> | <u><u>1</u></u> |

Notes:

- (a) The Company was incorporated on 15 May 2015 with authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon incorporation, one nil paid subscriber share was allotted and issued to the subscriber, which was then transferred to Success Wing Investment Limited (“Success Wing”) on 21 May 2015. Success Wing is a company incorporated in the British Virgin Islands and was beneficially owned by Mr. Lui, Mr. Wai and Mr. Yip on that date.
- (b) On 22 September 2015, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each by the creation of additional 1,962,000,000 shares of HK\$0.01 each.
- (c) On 22 September 2015, the Company allotted and issued 99 shares in aggregate to Mr. Lui, Mr. Wai, Mr. Yip and Success Wing which were credited as fully paid as consideration for the transfer of their shareholding interest in Light Dimension Limited (“Light Dimension”). In addition, the Company credited the one nil paid share held by Success Wing referred to in note (a) as fully paid. Upon completion of the transfer, Light Dimension which is the holding company of the operating subsidiaries becomes a wholly-owned subsidiary of the Company.
- (d) Upon completion of the Reorganisation on 22 September 2015, the Company has become the holding company of the Group and the non-controlling interests were de-recognised. Any difference arising therefrom has been dealt with in merger reserve.

15. GUARANTEE

The Group provided guarantee in respect of the surety bonds issued in favour of the customers of certain construction contracts. Details of these guarantees as at the end of the reporting period are as follows:

| | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Audited) HK\$'000 |
|--|---|---|
| Aggregate value of the surety bonds issued in favour of customers (<i>note 11</i>) | <u>11,446</u> | <u>11,446</u> |

As assessed by the directors, it is not probable that the insurance company would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made.

16. LITIGATIONS

A number of lawsuits and claims arising from the normal course of business were lodged against the Group which remain outstanding as of the end of reporting period. Claim amounts are not specified in some of the applications of these lawsuits and claims. In the opinion of the directors, sufficient insurance coverage are maintained to cover the losses, if any, arising from most of these lawsuits and claims and therefore the ultimate liability under these lawsuits and claims would not have a material adverse impact on the financial position of the Group.

17. SUBSEQUENT EVENTS

The following significant events took place subsequent to 30 September 2015:

- (a) The Company successfully listed its shares on GEM on 8 October 2015.
- (b) On 8 October 2015, the placing of 150,000,000 ordinary shares of the Company of HK\$0.01 each at the placing price of HK\$0.30 per placing share were allotted and issued (the "Placing").
- (c) Upon completion of the Placing, the issue of 449,999,900 ordinary shares of the Company at par to the shareholders of the Company on a pro-rata basis by way of capitalising an amount of HK\$4,499,999 from the share premium account of the Company which was approved by the shareholders of the Company on 22 September 2015 has become unconditional (the "Capitalisation Issue").

MANAGEMENT DISCUSSION AND ANALYSIS

Background, Recent Development And Outlook

The Company was incorporated in the Cayman Islands with limited liability on 15 May 2015 as an exempted company and became the holding company of the subsidiaries comprising the Group on 22 September 2015. Details of the corporate reorganisation are set out in the section headed “History, reorganisation and corporate structure — Corporate restructuring” to the Prospectus.

The Company’s shares (the “Shares”) were successfully listed on GEM on 8 October 2015 (the “Listing”) by way of the placing (the “Placing”). The net proceeds from the Placing will strengthen the Group’s financial position and will enable the Group to implement its business plans set out in the Prospectus.

The Group is 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.

We believed that the Hong Kong Government’s continuing increase in major construction and infrastructure projects in Hong Kong will increase the demand of structural engineering works for coming years. With the strengthened financial position by the Placing and heightened corporate image by the Listing, the Group is in an advantageous position to capture more profitable projects and expand its business according to the business objectives and strategies set out in the Prospectus.

Financial Review

Revenue

The Group’s revenue grew by 83.6% from approximately HK\$77.6 million for the six months ended 30 September 2014 (the “Previous Period”) to approximately HK\$142.5 million for the six months ended 30 September 2015 (the “Period”), which was driven by the increase in structural engineering work projects in both public and private sectors undertaken during the Period. Key revenue contributing projects in public sector included a border crossing compound, recreational facilities and government departmental facilities, while key private sector projects mainly comprised commercial properties.

Cost of Revenue and Gross Profit

The Group’s cost of revenue mainly comprised material and processing charges and subcontracting charges; the increase in cost of revenue for the Period was generally in-line with the rise in revenue. The gross profit margin for the Period improved to 19.6% from 16.0% for the Previous Period, which was attributable to work done on projects with favourable margin during the Period. Meanwhile, during the three months ended 30 September 2015, the Group implemented various control measures to monitor project progress more closely, including more frequent and periodic review of project budgets

against actual performance. From such review, management identified and made downward adjustments on budget profit of certain projects, resulting in a slight drop in gross profit margin for the three months ended 30 September 2015 to 18.6%, as compared to 19.6% for the Period.

Administrative and Other Operating Expenses

The Group's administrative expenses for the Period were approximately HK\$19.1 million, representing an increase of approximately HK\$12.0 million from the Previous Period due to the recognition of listing expenses amounted to HK\$8.2 million and an increase in staff costs as a result of business expansion.

Finance Costs

For the Period, the Group's finance costs were approximately HK\$450,000, representing an increase of approximately HK\$113,000 or 33.5%, which was mainly due to interest expenses on additional bank borrowings drawn during the Period to finance for the Group's business expansion and to improve liquidity.

Income Tax Expense

Income tax expense of the Group amounted to approximately HK\$2,579,000 and HK\$777,000 for the Period and Previous Period respectively. The increase in income tax expense was due to the increase in profit before income tax for the Period and listing expenses incurred in the Period which was not deductible for tax purpose, resulting in a rise in effective tax rate for the Period.

Profit for the Period

As a result of the increase in revenue, rise in gross profit margin and rise in administrative and other operating expenses, our profit and total comprehensive income for the period attributable to owners of our Company increase from approximately HK\$2.6 million for the Previous Period to approximately HK\$4.7 million for the Period, representing an increase of approximately 80.8%.

Liquidity, Financial Resources and Capital Structure

| | As at 30 September 2015 (Unaudited) HK\$'000 | As at 31 March 2015 (Unaudited) HK\$'000 |
|---------------------|---|---|
| Current assets | 173,921 | 136,444 |
| Current liabilities | 129,313 | 80,077 |
| Current ratio | <u>1.34</u> | <u>1.70</u> |

During the six months ended 30 September 2015, the Group financed its operations by its internal resources and bank facilities. As at 30 September 2015, the Group had net current assets of approximately HK\$44.6 million (31 March 2015: HK\$56.4 million), including cash of approximately HK\$23.7 million (31 March 2015: HK\$5.8 million). The Group's current ratio as at 30 September 2015 was 1.34 times (31 March 2015: 1.7 times). The decrease in the current ratio was mainly attributable to drawdown of additional loan facilities for operating purposes.

As at 30 September 2015, the Group had a total available banking and other facilities of approximately HK\$90.4 million, of which approximately HK\$51.6 million was utilised and approximately HK\$38.8 million was unutilised and available for use.

Please refer to note 13 to the financial statements for more detailed information, including maturity profile, on the Group's loans and borrowings.

The shares of the Company were listed on GEM on 8 October 2015 and 150,000,000 of the Company's shares at a placing price of HK\$0.30 were issued on the same day. There has been no change in capital structure of the Company since 8 October 2015. As at 30 September 2015, the equity attributable to owners of the Company amounted to approximately HK\$57.1 million (31 March 2015: approximately HK\$59.9 million).

Gearing Ratio

The gearing ratio is calculated as total debt to equity. Total debts include bank borrowings and obligation under finance leases. Equity represents total equity of the Group.

The gearing ratio of the Group as at 30 September 2015 was approximately 81.9% (31 March 2015: 34.1%), the increase was mainly due to the combined effect of (i) declaration of dividend of HK\$15.0 million and (ii) drawdown of additional bank loans to finance for expansion in operation and improve the liquidity of the Group during the Period.

Foreign Currency Exposure and Treasury Policy

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollar, United States Dollars, Pound Sterling, Euro and Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group and will closely monitor its foreign exchange position. During the Period, the Group did not engage in any hedging activities.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Capital Commitment

The Group had an outstanding capital commitment for the investment in a subsidiary of approximately of HK\$0.5 million (31 March 2015: approximately HK\$1 million).

Pledge of Assets

As at 30 September 2015, the Group had bank borrowings of HK\$45,994,000 (as at 31 March 2015: HK\$21,890,000) and banking facilities are secured by the followings:

- land and buildings with net carrying amount of HK\$5,107,000 as at 30 September 2015 (31 March 2015: HK\$5,191,000);
- bank deposits of HK\$13,248,000 as at 30 September 2015 (31 March 2015: HK\$10,027,000);
- personal guarantees executed by Mr. Lui, Mr. Wai and Mr. Yip, directors of the Company. The personal guarantees provided by Mr. Lui, Mr. Wai and Mr. Yip for the banking facilities existed at the date of this announcement had been fully released, discharged or replaced by corporate guarantees or other securities provided by the Group.

As at 30 September 2015, the Group had pledged deposit of HK\$3,900,000 (31 March 2015: HK\$3,900,000), which represent deposits placed by the Group with an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values as at 30 September 2015 of HK\$11,446,000 (31 March 2015: HK\$11,446,000). The surety bonds are required for the entire period of the relevant construction contracts. As at 30 September 2015, the respective construction contracts are expected to be completed in year 2017 (31 March 2015: 2017).

Significant Investments

Other than the investment in its subsidiaries during the six months ended 30 September 2015, the Group did not hold any significant investments during the Period.

Material Acquisitions and Disposals

The Group did not carry out any material acquisition nor disposal of any subsidiary during the Period.

Contingent Liabilities

As at 30 September 2015, the Group did not have any significant contingent liabilities.

Interim Dividend

The Board did not recommend a payment of an interim dividend for the six months ended 30 September 2015 (six months ended 30 September 2014: nil).

Employees and Remuneration Policies

As at 30 September 2015, the Group had 97 staff (31 March 2015: 66). The total employee benefit expenses for the six months ended 30 September 2015 (including Directors' emoluments, salaries to staff and other staff benefits included provident fund contributions, medical insurance coverage and other staff benefits) was approximately HK\$12.1 million. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the six months ended 30 September 2015, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

Comparison of Business Objectives With Actual Business Progress

As the Shares were listed on 8 October 2015, there was no material progress has been made in respect of the business objectives as set out in the Prospectus for the period from 22 September 2015, being the latest practicable date as defined in the Prospectus, up to 30 September 2015.

Use of Proceeds from the Placing

The estimated net proceeds from the Placing (after deducting the underwriting fees and related expenses) amounted to approximately HK\$27.0 million, which are intended to be applied in the manner as disclosed in the section "Statement of business objectives and use of proceeds" to the Prospectus. The net proceeds from the Placing were approximately HK\$28.9 million, which was difference from the estimated net proceeds of approximately HK\$27.0 million. We intend to adjust the difference of

HK\$1.9 million in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus. The Directors had evaluated the Group's business plan and considered that, as at the date of this announcement, no modification of the business plan regarding the use of proceeds as described in the Prospectus was required. Since the Listing Date, the unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 September 2015, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange were as follows:

Long Positions In Shares of the Company

(a) Interest in the shares of the Company

| Director | Capacity/Nature of interest | Number of issued ordinary shares | Percentage of the issued share capital of the Company |
|---------------------------|------------------------------------|---|--|
| Mr. Lui Bun Yuen Danny | Corporate interest | 369,000,000 | 61.5% |
| | Beneficial owner | 27,000,000 | 4.5% |
| | Interests held jointly | 54,000,000 | 9.0% |
| Mr. Wai Yat Kin | Corporate interest | 369,000,000 | 61.5% |
| | Beneficial owner | 27,000,000 | 4.5% |
| | Interests held jointly | 54,000,000 | 9.0% |
| Mr. Yip Pak Hung | Corporate interest | 369,000,000 | 61.5% |
| | Beneficial owner | 27,000,000 | 4.5% |
| | Interests held jointly | 54,000,000 | 9.0% |

(b) *Interest in the shares of an associated corporation*

**Name of associated corporation:
Success Wing Investments Limited**

| Director | Capacity/Nature of interest | Number of shares | Percentage of Shareholding |
|---------------------------|------------------------------------|-------------------------|-----------------------------------|
| Mr. Lui Bun Yuen Danny | Beneficial owner | 240 | 29.3% |
| Mr. Wai Yat Kin | Beneficial owner | 240 | 29.3% |
| Mr. Yip Pak Hung | Beneficial owner | 240 | 29.3% |

Save as disclosed above, as at the date of this announcement, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Rules 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 September 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of a Director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

Ordinary shares of the Company

| Name of shareholder | Capacity/Nature of interest | Number of issued ordinary shares | Percentage of the issued share capital of the Company |
|----------------------------------|------------------------------------|---|--|
| Success Wing Investments Limited | Beneficial owner | 369,000,000 | 61.5% |
| Ms. Lam Suk Lan Bonnie | Interest of spouse | 450,000,000 | 75.0% |
| Ms. Wu Janet | Interest of spouse | 450,000,000 | 75.0% |

Save as disclosed above, as at 30 September 2015, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

Share Option Scheme

The Share Option Scheme was adopted by the shareholders of the Company and was effective on 22 September 2015. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. As at 30 September 2015, no share option was outstanding under the Share Option Scheme. During the period from 22 September 2015 to 30 September 2015, no share options were granted by the Company.

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company from the Listing Date to the end of the reporting period, being 30 September 2015.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors “the “Model Code”) on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code since the Listing Date up to the date of this announcement.

Corporate Governance and Compliance with the Corporate Governance Code

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company adopted the code provisions of Appendix 15 Corporate Governance Code and Corporate Governance Report of the GEM Listing Rules as its own code (the “CG Code”) effective from the Listing Date and had complied with the CG Code since then and up to the date of this announcement.

Interests of the Compliance Advisor

As notified by the Company’s compliance adviser, Messis Capital Limited (the “Compliance Adviser”), except for (i) Messis Capital Limited was the Company’s sponsor in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 30 September 2015, which commencing on 8 October 2015, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 30 September 2015 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Audit Committee

The Audit Committee comprises three independent non-executive Directors and chaired by Ms. Lai Pik Chi, Peggy, who has appropriate professional qualifications and experience as required by the GEM Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period, which was of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

By order of the Board
KPa-BM Holdings Limited
Yip Pak Hung
Chairman and Executive Director

Hong Kong, 11 November 2015

As at the date of this announcement, the executive Directors are Mr. Yip Pak Hung (chairman of the Board), Mr. Wai Yat Kin and Mr. Lui Bun Yuen, Danny and the independent non-executive Directors are Ms. Lai Pik Chi, Peggy, Mr. Lam Chi Wai, Peter and Dr. Yeung Kit Ming.

This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.kpa-bm.com.hk.

** For identification purpose only*