



KPa-BM Holdings Limited
應力控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8141)

**ANNOUNCEMENT OF AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2016**

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.

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*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 of the Stock Exchange (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.*

The board of directors (the “**Board**”) of the Company is pleased to announce the annual results of the Group for the year ended 31 March 2016, together with the comparative figures for the year ended 31 March 2015, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue	5	343,806	197,435
Cost of revenue		<u>(276,478)</u>	<u>(158,702)</u>
Gross profit		67,328	38,733
Other income and gains		250	351
Marketing and distribution expenses		(1,526)	(1,221)
Administrative and other operating expenses		(32,338)	(19,036)
Finance costs		<u>(1,246)</u>	<u>(767)</u>
Profit before income tax	6	32,468	18,060
Income tax expense	7	<u>(6,812)</u>	<u>(3,501)</u>
Profit for the year		<u>25,656</u>	<u>14,559</u>
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising from translation of foreign operations		<u>(42)</u>	<u>—</u>
Other comprehensive income for the year		<u>(42)</u>	<u>—</u>
Total comprehensive income for the year		<u>25,614</u>	<u>14,559</u>
Profit for the year attributable to:			
Owners of the Company		24,956	11,921
Non-controlling interests		<u>700</u>	<u>2,638</u>
		<u>25,656</u>	<u>14,559</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		24,928	11,921
Non-controlling interests		<u>686</u>	<u>2,638</u>
		<u>25,614</u>	<u>14,559</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted earnings per share	9	<u>4.78</u>	<u>2.65</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		7,295	7,096
Prepayments for property, plant and equipment		2,236	—
Pledged deposits	10	<u>3,900</u>	<u>3,900</u>
		<u>13,431</u>	<u>10,996</u>
Current assets			
Inventories		2,839	3,309
Amounts due from customers of contract works		37,070	26,354
Trade and other receivables, deposits and prepayments	11	124,133	82,100
Amounts due from related companies		—	6,362
Amounts due from directors		—	2,493
Tax recoverable		344	8
Pledged bank deposits	12	13,201	10,027
Cash and bank balances		<u>47,439</u>	<u>5,791</u>
		<u>225,026</u>	<u>136,444</u>
Current liabilities			
Amounts due to customers of contract works		10,177	4,037
Trade and other payables	13	71,637	51,888
Derivative financial instruments		—	276
Amounts due to related parties		—	92
Tax payable		4,773	1,615
Bank borrowings	14	33,860	21,890
Obligation under finance leases		<u>144</u>	<u>279</u>
		<u>120,591</u>	<u>80,077</u>
Net current assets		<u>104,435</u>	<u>56,367</u>
Total assets less current liabilities		<u>117,866</u>	<u>67,363</u>
Non-current liabilities			
Obligation under finance leases		<u>565</u>	<u>618</u>
Net assets		<u>117,301</u>	<u>66,745</u>

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital	15	6,000	3,151
Reserves		<u>111,301</u>	<u>56,744</u>
Equity attributable to owners of the Company		117,301	59,895
Non-controlling interests		<u>—</u>	<u>6,850</u>
Total equity		<u>117,301</u>	<u>66,745</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Equity attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium*	Merger reserve*	Exchange reserve*	Retained profits*	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	3,150	—	(850)	—	47,473	49,773	5,412	55,185
Profit for the year	—	—	—	—	11,921	11,921	2,638	14,559
Other comprehensive income for the year	—	—	—	—	—	—	—	—
Total comprehensive income for the year	—	—	—	—	11,921	11,921	2,638	14,559
Transactions with owners:								
Issue of shares (note 15(b))	1	—	—	—	—	1	—	1
Dividends declared (note 8)	—	—	—	—	(1,800)	(1,800)	—	(1,800)
Dividends attributable to non-controlling interests (note 8)	—	—	—	—	—	—	(1,200)	(1,200)
	1	—	—	—	(1,800)	(1,799)	(1,200)	(2,999)
At 31 March 2015 and 1 April 2015	3,151	—	(850)	—	57,594	59,895	6,850	66,745
Profit for the year	—	—	—	—	24,956	24,956	700	25,656
Other comprehensive income for the year	—	—	—	(28)	—	(28)	(14)	(42)
Total comprehensive income for the year	—	—	—	(28)	24,956	24,928	686	25,614
Transactions with owners:								
Dividends declared (note 8)	—	—	—	—	(12,600)	(12,600)	—	(12,600)
Dividends attributable to non-controlling interests (note 8)	—	—	—	—	—	—	(2,400)	(2,400)
Issue of shares for								
— Placing (note 15(a)(v))	1,500	43,500	—	—	—	45,000	—	45,000
— Capitalisation Issue (note 15(a)(v))	4,500	(4,500)	—	—	—	—	—	—
Share issuance expense (note 15(a)(v))	—	(5,058)	—	—	—	(5,058)	—	(5,058)
Reorganisation	(3,151)	—	8,287	—	—	5,136	(5,136)	—
	2,849	33,942	8,287	—	(12,600)	32,478	(7,536)	24,942
At 31 March 2016	6,000	33,942	7,437	(28)	69,950	117,301	—	117,301

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands with limited liability on 15 May 2015. The shares of the Company were listed on the GEM of the Stock Exchange on 8 October 2015 (the “**Listing Date**”) (the “**Listing**”). 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 4th Floor, 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.

The Company’s parent is Success Wing Investments Limited (“**Success Wing**”), a company incorporated in the British Virgin Islands (“**BVI**”). In the opinion of the Directors, Success Wing is also the ultimate parent of the Company.

Pursuant to a reorganisation (the “**Reorganisation**”) conducted by the companies now comprising the Group to prepare for the Listing, the Company has since 22 September 2015 become the holding company of its subsidiaries now comprising the Group. 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 financial statements for the year ended 31 March 2016 were approved and authorised for issue by the directors on 23 June 2016.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value.

The financial statements are presented in Hong Kong dollars (“**HK\$**”), which is same as the functional currency of the Company and its major subsidiaries.

Completion of Reorganisation

The Company and its subsidiaries now comprising the Group have been both before and after the Reorganisation under the common control of Mr. Lui Bun Yuen, Danny (“**Mr. Lui**”), Mr. Wai Yat Kin (“**Mr. Wai**”) and Mr. Yip Pak Hung (“**Mr. Yip**”). Mr. Lui, Mr. Wai and Mr. Yip are collectively referred to as the controlling shareholders of the Company (the “**Controlling Shareholders**”). A contractual arrangement existed among the Controlling Shareholders to manage the business and operations of the Group on a collective basis. The Controlling Shareholders have made collective decisions in respect of the financing and operating activities that significantly affect the Group’s returns. Accordingly, the Controlling Shareholders are regarded as the controlling parties of the Group throughout the current year and in prior year.

The Group is regarded as a continuing entity since all entities which took part in the Reorganisation were controlled by the same ultimate controlling parties i.e. the Controlling Shareholders, before and immediately after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of the risks and benefits to the ultimate controlling parties that existed prior to the Reorganisation. Accordingly, the Reorganisation has been accounted for in accordance with Hong Kong Accounting Guideline 5 *Merger Accounting for Common Control Combinations* and the financial statements have been prepared using the merger basis of accounting as if the current group structure had been in existence throughout the current year and in prior year.

3. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or revised HKFRSs — effective on 1 April 2015

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2015.

HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle

The adoption of these amendments has no material impact on the Group's financial statements.

(b) 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 ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³

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

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors of the Company are currently assessing the possible impact of the above new or revised standards on the Group's results and financial position in the first year of application. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies or financial statements. Other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's financial statements upon application.

(c) **The disclosure requirements of the new Hong Kong Companies Ordinance relating to the preparation of financial statements**

The GEM Listing Rules requiring financial statements disclosures with reference to the new Hong Kong Companies Ordinance, Cap. 622, apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements.

4. SEGMENT INFORMATION

(a) **Operating segment information**

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker, i.e. executive directors of the Company who are used to make strategic decisions.

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 the 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 of building material products in Hong Kong, the People's Republic of China (“PRC”) (other than Hong Kong) and overseas. |

Revenue and costs/expenses are allocated to the reportable segments with reference to sales generated by those segments and the costs/expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between operating segments for the years ended 31 March 2016 and 2015. Corporate income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit or loss that is used by the chief operating decision-maker for assessment of segment performance.

Segment assets include all assets with the exception of tax assets and corporate assets, including pledged bank deposits, cash and bank balances and other assets that are not directly attributable to the business activities of the operating segments as these assets are managed on a group basis.

Information of the operating segments of the Group reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment does not include liabilities. Accordingly, no information of segment liabilities is presented.

Segment results, segment assets and other segment information

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

	Structural engineering works	Trading of building material products	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 March 2016			
<i>Segment revenue</i>			
Sales to external customers	<u>337,600</u>	<u>6,206</u>	<u>343,806</u>
<i>Segment profit</i>	<u>63,953</u>	<u>2,948</u>	66,901
Corporate and unallocated income			250
Corporate and unallocated expenses			
— Marketing and distribution expenses			(1,009)
— Administrative and other operating expenses			(32,428)
— Finance costs			<u>(1,246)</u>
Profit before income tax			<u>32,468</u>
Year ended 31 March 2015			
<i>Segment revenue</i>			
Sales to external customers	<u>183,913</u>	<u>13,522</u>	<u>197,435</u>
<i>Segment profit</i>	<u>33,361</u>	<u>5,166</u>	38,527
Corporate and unallocated income			351
Corporate and unallocated expenses			
— Marketing and distribution expenses			(1,221)
— Administrative and other operating expenses			(18,830)
— Finance costs			<u>(767)</u>
Profit before income tax			<u>18,060</u>

	Structural engineering works HK\$'000	Trading of building material products HK\$'000	Total HK\$'000
As at 31 March 2016			
<i>Segment assets</i>	<u>164,345</u>	<u>2,360</u>	166,705
Property, plant and equipment			7,295
Tax assets			344
Pledged bank deposits			13,201
Cash and bank balances			47,439
Other corporate assets			<u>3,473</u>
Total consolidated assets			<u><u>238,457</u></u>
As at 31 March 2015			
<i>Segment assets</i>	<u>110,227</u>	<u>4,129</u>	114,356
Property, plant and equipment			7,096
Tax assets			8
Pledged bank deposits			10,027
Cash and bank balances			5,791
Other corporate assets			<u>10,162</u>
Total consolidated assets			<u><u>147,440</u></u>

Certain comparative figures in the segment information for the year ended 31 March 2015 have been reclassified. Previously, certain marketing and distribution expenses, administrative and other operating expenses and finance costs were included in corporate and unallocated expenses whereas pledged bank deposits and cash and bank balances were included in other corporate assets for segment reporting purposes. For the year ended 31 March 2016, those marketing and distribution expenses, administrative and other operating expenses and finance costs are reclassified and presented separately in the reconciliation of reportable segment results to profit before income tax whereas certain corporate assets are reclassified and presented separately in the reconciliation of segment assets to total consolidated assets for better presentation.

	Structural engineering works	Trading of building material products	Corporate/ Unallocated	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 March 2016				
<i>Other information</i>				
Reversal of impairment loss on loans and receivables	90	—	—	90
Impairment loss on inventories	35	213	—	248
Additions to specified non-current assets #	<u>—</u>	<u>—</u>	<u>3,544</u>	<u>3,544</u>

Year ended 31 March 2015

Other information

Impairment loss on loans and receivables	206	—	—	206
Impairment loss on inventories	—	127	—	127
Additions to specified non-current assets #	<u>—</u>	<u>—</u>	<u>1,558</u>	<u>1,558</u>

Specific non-current assets include all non-current assets but exclude financial instruments

(b) Geographical segment information

The Company is an investment holding company and the principal place of the Group's operations is in Hong Kong. Accordingly, management determines that the Group is domiciled in Hong Kong.

The following table provides analysis of the Group's revenue from external customers, determined based on location of the customers:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	343,307	196,530
Macau	289	698
Other regions of the PRC	26	—
United Kingdom	<u>184</u>	<u>207</u>
	<u>343,806</u>	<u>197,435</u>

All of the Group's specified non-current assets are located in Hong Kong.

(c) **Information about major customers**

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	139,327	98,602
Customer B	49,867	27,129
Customer C	48,933	N/A

N/A: not applicable as revenue generated from the customer was less than 10% of the Group's revenue of the year.

5. REVENUE

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 predominately in Hong Kong. Revenue derived from these principal activities comprises the followings:

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from rendering structural engineering works	337,600	183,913
Revenue from trading of building material products	6,206	13,522
	343,806	197,435

6. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting) the following:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Auditor's remuneration	580	190
(Reversal of provision)/Provision for impairment of trade and bills receivables	(90)	99
Provision for impairment of retention receivables	—	107
Cost of inventories recognised as expense		
— Carrying amount of inventories consumed	107,212	72,493
— Allowance for inventories	221	98
— Write-off of inventories	27	29
	<u>107,460</u>	<u>72,620</u>
Change in fair value of derivative financial instruments	189	247
Depreciation in respect of:		
— Owned assets	598	488
— Leased assets	230	394
	<u>828</u>	<u>882</u>
Employee costs (including directors' emoluments)		
— Salaries, allowances and other benefits (<i>note (b)</i>)	42,355	23,750
— Contribution to defined contribution retirement plan (<i>note (a)</i>)	1,060	844
	<u>43,415</u>	<u>24,594</u>
Exchange loss, net	7	76
Listing expenses	8,176	2,903
Operating lease charges in respect of:		
— Land and buildings (<i>note (b)</i>)	1,398	1,278
— Office equipment	203	210
	<u>203</u>	<u>210</u>

Notes:

- (a) In respect of the Group's contribution to defined contribution retirement plans, no contribution is available for reducing the Group's existing level of contribution for the year ended 31 March 2016 (2015: nil).
- (b) For the year ended 31 March 2015, operating lease charges in respect of the director's quarter of HK\$348,000 were also included in employee costs for disclosure purpose. For the year ended 31 March 2016, the Group did not incur any operating lease charges for director's quarter.

7. INCOME TAX EXPENSE

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current tax for the year		
— Hong Kong Profits Tax	6,749	3,555
— Other regions of the PRC — Enterprise Income Tax (“EIT”)	<u>212</u>	<u>—</u>
	6,961	3,555
Over-provision in respect of prior years	<u>(149)</u>	<u>(54)</u>
	<u>6,812</u>	<u>3,501</u>

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits for the year.

EIT arising from other regions of the PRC is calculated at 25% on the estimated assessable profits.

8. DIVIDENDS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interim dividends attributable to: <i>(note (a))</i>		
— Owners of the Company	12,600	1,800
— Non-controlling interests	<u>2,400</u>	<u>1,200</u>
	15,000	3,000
Proposed final dividend <i>(note (b))</i>	<u>9,000</u>	<u>—</u>
	<u><u>24,000</u></u>	<u><u>3,000</u></u>

Notes:

- (a) The interim dividends for the year ended 31 March 2016 amounting to HK\$15,000,000 (2015: HK\$3,000,000) represented interim dividends declared by certain group entities to their then shareholders.
- (b) The final dividend in respect of the financial year ended 31 March 2016 of HK1.5 cents per ordinary share, amounting to HK\$9,000,000 has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

The final dividend declared subsequent to 31 March 2016 has not been recognised as a liability as at 31 March 2016.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	<u>24,956</u>	<u>11,921</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue		
Weighted average number of ordinary shares in issue during the year	<u>522,131</u>	<u>450,000</u>

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 March 2015 of 450,000,000 represents the number of shares of the Company in issue immediately after the completion of the Capitalisation Issue as further described in note 15(a)(v), as if these shares had been issued throughout the year.

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the year ended 31 March 2016 of 522,131,000 includes the weighted average number of shares issued pursuant to the Placing (note 15(a)(v)) of 72,131,000 shares, in addition to the aforementioned 450,000,000 shares in issue immediately after the Capitalisation Issue.

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

10. PLEDGED DEPOSITS

Balances as at 31 March 2016 of HK\$3,900,000 (2015: HK\$3,900,000) 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 31 March 2016 were HK\$11,446,000 (2015: HK\$11,446,000). The surety bonds are required for the entire period of the relevant construction contracts. As at 31 March 2016, the respective construction contracts are expected to be completed in year 2018 (2015: year 2017).

The Group and the Directors, 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 and replaced by corporate guarantee provided by the Company upon Listing.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 HK\$'000	2015 HK\$'000
Trade and bills receivables		
Trade and bills receivables	84,140	57,788
Less: Provision for impairment	<u>(575)</u>	<u>(665)</u>
Trade and bills receivables, net (<i>note (a)</i>)	<u>83,565</u>	<u>57,123</u>
Other receivables, deposits and prepayments		
Retention receivables	39,600	23,939
Less: Provision for impairment	<u>(269)</u>	<u>(269)</u>
Retention receivables, net (<i>note (b)</i>)	39,331	23,670
Other receivables	69	—
Deposits	604	169
Prepayments	<u>564</u>	<u>1,138</u>
	<u>40,568</u>	<u>24,977</u>
	<u>124,133</u>	<u>82,100</u>

Notes:

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

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
0–30 days	48,284	29,483
31–60 days	26,288	18,036
61–90 days	2,459	2,634
Over 90 days	6,534	6,970
	<u>83,565</u>	<u>57,123</u>

Receivables that were neither past due nor impaired related to a range of customers for whom there was no recent history of default. Receivables that were past due but not impaired related to customers with long business relationship. Based on past experience, management believes that no impairment allowance is necessary as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

- (b) As at 31 March 2016, based on due date, the Group's retention receivables of approximately HK\$34,174,000 (2015: HK\$21,914,000) were not yet past due and the remaining balance of approximately HK\$5,157,000 (2015: HK\$1,756,000) were past due, of which approximately HK\$3,133,000 (2015: HK\$1,318,000) were past due for over one year. 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.

12. PLEDGED BANK DEPOSITS

Pledged bank deposits as at 31 March 2016 are interest-bearing at fixed rates ranged from 0.01% to 0.22% (2015: 0.25% to 2.00%) per annum and have maturity period of seven days to three months (2015: one to six months). All of the Group's pledged bank deposits as at 31 March 2016 were denominated in HK\$ whereas among the pledged bank deposits as at 31 March 2015, HK\$3,296,000 were denominated in Renminbi ("RMB") and the remaining balance of HK\$6,731,000 were denominated in HK\$.

Pledged bank deposits were placed in banks to secure the bank borrowings and banking facilities of the Group (note 14).

13. TRADE AND OTHER PAYABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade payables	53,576	35,459
Bills payable	<u>794</u>	<u>5,172</u>
Trade and bills payables (<i>note (a)</i>)	54,370	40,631
Retention payables (<i>note (b)</i>)	9,220	6,993
Receipts in advance	488	514
Other payables, accruals and deposits received	<u>7,559</u>	<u>3,750</u>
	<u><u>71,637</u></u>	<u><u>51,888</u></u>

Notes:

- (a) The Group's bills payable are subject to a tenor of up to 120 days. For other trade payables, the credit period granted by suppliers and contractors is normally 30 to 60 days.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0–30 days	34,116	17,678
31–60 days	13,248	18,292
61–90 days	4,580	1,983
Over 90 days	<u>2,426</u>	<u>2,678</u>
	<u><u>54,370</u></u>	<u><u>40,631</u></u>

- (b) As at 31 March 2016, based on invoice date, retention payables of approximately HK\$7,969,000 (2015: HK\$4,547,000) were aged one year or below and the remaining balance of approximately HK\$1,251,000 (2015: HK\$2,446,000) were aged over one year.

14. BANK BORROWINGS

	2016 HK\$'000	2015 HK\$'000
Current liabilities		
<i>Secured and interest-bearing bank borrowings</i>		
Bank overdrafts (<i>note (a)</i>)	—	5,014
Bank loans subject to repayment on demand clause (<i>note (a)</i>)		
— Bank loans due for repayment within one year	30,819	12,755
— Bank loans due for repayment after one year (<i>note (b)</i>)	<u>3,041</u>	<u>4,121</u>
	<u>33,860</u>	<u>16,876</u>
	<u><u>33,860</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, Hong Kong Inter-Bank Offered Rate or London Inter-Bank Offered Rate adjusted by certain basis points per annum. The interest rates of the Group's bank borrowings as at 31 March 2016 granted under banking facilities ranged from 3.00% to 5.75% (2015: 2.58% to 6.25%) per annum.
- (b) The current liabilities as at 31 March 2016 include bank loans of HK\$3,041,000 (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 repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.
- (c) The carrying amount of bank borrowings are denominated in the following currencies:

	2016 HK\$'000	2015 HK\$'000
HK\$	33,372	21,118
United States dollars ("US\$")	488	482
Euro ("EUR")	<u>—</u>	<u>290</u>
	<u><u>33,860</u></u>	<u><u>21,890</u></u>

(d) The Group's bank borrowings and banking facilities are secured by the followings:

- land and buildings with net carrying amount of HK\$5,023,000 as at 31 March 2016 (2015: HK\$5,191,000);
- bank deposits of HK\$13,201,000 as at 31 March 2016 (2015: HK\$10,027,000) (note 12); 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 had been fully released and replaced by corporate guarantees provided by the Company during the year 31 March 2016.

In addition, outstanding loan balances of HK\$1,536,000 as at 31 March 2015 were subject to special loan guarantee issued by the Government of The Hong Kong Special Administrative Region (the “**HKSAR Government**”). As at 31 March 2016, none of the Group's bank borrowings are subject to special loan guarantee issued by the HKSAR Government.

As at the end of the reporting period, the Group's bank loans and overdrafts were scheduled to repay as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
On demand or within one year	30,819	17,769
More than one year, but not exceeding two years	412	824
More than two years, but not exceeding five years	1,313	1,530
More than five years	<u>1,316</u>	<u>1,767</u>
	<u>33,860</u>	<u>21,890</u>

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

15. SHARE CAPITAL

- (a) The share capital balance as at 31 March 2016 represented the issued share capital of the Company. Details of the movements in the authorised and issued and fully paid share capital of the Company during the period from 15 May 2015 (date of incorporation) to 31 March 2016 are summarised as follows:

Ordinary shares	Par value HK\$	Number of shares	Amount HK\$'000
Authorised:			
Upon incorporation (<i>note (i)</i>)	0.01	38,000,000	380
Increase in authorised share capital (<i>note (iii)</i>)	0.01	<u>1,962,000,000</u>	<u>19,620</u>
At 31 March 2016	0.01	<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>
Issued and fully paid:			
Issue of shares upon incorporation (<i>notes (ii) and (iv)</i>)	0.01	1	—
Issue of shares for acquisition of a subsidiary (<i>note (iv)</i>)	0.01	99	—
Capitalisation Issue (<i>note (v)</i>)	0.01	449,999,900	4,500
Placing (<i>note (v)</i>)	0.01	<u>150,000,000</u>	<u>1,500</u>
At 31 March 2016	0.01	<u><u>600,000,000</u></u>	<u><u>6,000</u></u>

Notes:

- (i) The Company was incorporated on 15 May 2015 with initial authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each.
- (ii) Upon incorporation, one nil paid subscriber share was allotted and issued to the subscriber, which was transferred to Success Wing on 21 May 2015.
- (iii) 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 creation of an additional 1,962,000,000 shares of HK\$0.01 each.
- (iv) On 22 September 2015, 99 new shares in aggregate were allotted and issued at par to Mr. Lui, Mr. Wai, Mr. Yip and Success Wing as consideration for the transfer of their equity interests in Light Dimension Limited (“**Light Dimension**”) to the Company. In addition, the one nil paid share held by Success Wing referred to note (ii) above was credited as fully paid.
- (v) The Company’s shares were listed on the GEM of the Stock Exchange on the Listing Date and the placing of 150,000,000 new shares by the Company become unconditional. In connection to this, (i) the Company issued a total of 150,000,000 ordinary shares at HK\$0.30 per share for subscription (the “**Placing**”); and (ii) the Company issued a total of 449,999,900 ordinary shares at par to Mr. Lui, Mr. Wai, Mr. Yip and Success Wing on a pro-rata basis by way of capitalising an amount of HK\$4,499,999 from the share

premium account of the Company (the “**Capitalisation Issue**”) arising from the Placing. The Company’s total number of issued shares upon completion of the Placing and Capitalisation Issue was increased to 600,000,000 ordinary shares.

Among the gross proceeds from the Placing of HK\$45,000,000, HK\$1,500,000 representing the aggregate par value of shares issued was credited to the Company’s share capital whereas the remaining amount of HK\$43,500,000 was credited to share premium account.

The share issuance expenses, which amounted to HK\$5,058,000, was deducted from share premium account.

- (b) The share capital balance as at 31 March 2015 represented the issued share capital of its subsidiaries, KPa Engineering Limited, Sun Pool Engineering Limited, AcouSystem Limited (“**AcouSystem**”), KPa Contracting Limited (“**KPa Contracting**”) and KPa Engineering (HK) Limited (“**KPa (HK)**”) as at that date.

During the year ended 31 March 2015, AcouSystem, KPa Contracting and KPa (HK) issued shares as follows:

- AcouSystem issued 300 ordinary shares in aggregate at HK\$300 to Mr. Lui, Mr. Wai and Mr. Yip;
- KPa Contracting issued 300 ordinary shares in aggregate at HK\$300 to Mr. Lui, Mr. Wai and Mr. Yip; and
- KPa (HK) issued 300 ordinary shares in aggregate at HK\$300 to Mr. Lui, Mr. Wai and Mr. Yip.

16. 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 at the end of the reporting period are as follows:

	2016	2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
Aggregate value of the surety bonds issued in favour of customers (<i>note 10</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.

17. LITIGATIONS

A number of lawsuits and claims arising from the normal course of business were lodged against the Group which remain outstanding at the end of the 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 material adverse impact on the financial position of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the annual results of the Group for the year ended 31 March 2016 (the “**Year**” or “**2016**”), together with the comparative figures for the corresponding year ended 31 March 2015 (the “**Previous Year**” or “**2015**”).

Business Activities

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. Since the Listing, there has been no significant change in the business operations of the Group. During the Year, the Group recognised income from rendering structural engineering works and trading of building material products.

Business Review

During the Year, the Group achieved an outstanding performance with an increase of approximately 74.1% in the Group’s revenue of approximately HK\$343.8 million (2015: HK\$197.4 million) from the provision of structural engineering work. The encouraging financial result was attributable to a few major projects undertaken by the Group during the Year.

Major projects undertaken

by the Group during the Year	Status as at 31 March 2016	Expected completion date
Fire Services Training School	Completed	—
Kennedy Town Swimming Pool (Phase 2)	Ongoing	31 October 2016
Liantang/Heung Yuen Wai Boundary Control Point	Ongoing	31 March 2018
11 Sheung Yuet Road	Ongoing	31 July 2016
A resort hotel in Lantau Island	Ongoing	31 October 2016

The construction works of Fire Services Training School Project was completed before 31 March 2016.

Financial Highlights

Year ended 31 March (HK\$'000)	2016*	2015	Percentage change
Revenue	343,806	197,435	74.1%
Cost of revenue	276,478	158,702	74.2%
Gross profit	67,328	38,733	73.8%
Profit before income tax	32,468	18,060	79.8%
Net profit	25,656	14,559	76.2%
Earnings per share ^Δ (HK cents)	4.78	2.65	80.4%
Total assets	238,457	147,440	61.7%
Total equity	117,301	66,745	75.7%

Key Performance Indices

Gross profit margin (%)	19.6	19.6
Net profit margin (%)	7.5	7.4
Return on equity (%)	21.9	21.8
Return on total assets (%)	10.8	9.9
Current ratio (times)	1.9	1.7
Gearing ratio (%)	29.5	34.1

* The Company was listed on GEM of the Stock Exchange on the Listing Date

^Δ Weighted average, assuming the Group has been in existence in 2015

Financial Review

Revenue

For the year ended 31 March 2016, total revenue was approximately HK\$343.8 million, representing an increase of approximately 74.1% as compared to the Previous Year (2015: HK\$197.4 million). The growth was attributable to an increase in structural engineering work projects in both public and private sectors undertaken by the Group during the Year. Key revenue contributing projects in public sector included 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 Year was generally in-line with the rise in revenue. The Group's gross profit margin for the Year of approximately 19.6% was comparative to the Previous Year and attributable to the various control measures to closely monitor project progress, including more frequent and periodic review implementation of project budgets against actual performance.

Administrative and Other Operating Expenses

The Group's administrative expenses for the Year were approximately HK\$32.3 million (2015: HK\$19.0 million), representing an increase of approximately HK\$13.3 million from 2015. The increase was mainly attributable to the professional fees related to the Listing of approximately HK\$8.2 million (2015: HK\$2.9 million); legal and professional fees of approximately HK\$1.9 million; as well as the increase in salaries and wages and other administrative expenses.

Finance Costs

For the Year, the Group's finance costs were approximately HK\$1.2 million (2015: HK\$0.8 million), representing an increase of approximately HK\$0.4 million or 62.5%, which was mainly due to interest expenses on additional bank borrowings drawn during the Year to finance the Group's business expansion and to improve liquidity.

Income Tax Expense

Income tax expense of the Group for the Year was approximately HK\$6.8 million (2015: HK\$3.5 million) and such growth was consistent with the increase in assessable profits during the Year as compared to the Previous Year. Listing expenses incurred in the Year was not deductible for tax purpose, resulting in a rise in effective tax rate for the Year.

Profit for the Year

As a result of the increase in revenue and rise in administrative and other operating expenses, the Group's profit for the year increased from approximately HK\$14.6 million for the Previous Year to approximately HK\$25.7 million for the Year, representing an increase of approximately 76.2%.

Dividend

On 23 June 2016, the Board recommended HK1.5 cents per share as a final dividend for the Year.

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 different from the estimated net proceeds of approximately HK\$27.0 million. The Group intends to adjust the difference of approximately 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.

The Group had utilised approximately HK\$8.7 million of the net proceeds as at 31 March 2016. The unutilised net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong and is intended to be applied in the manner consistent with the proposed allocations.

Use of proceeds	Net proceeds <i>HK\$ million</i>	Utilised <i>HK\$ million</i>	Unutilised <i>HK\$ million</i>
1 Further expanding the Group's capacity to capture more business opportunities	14.2	6.7	7.5
2 Further development of the Group's structural engineering business	5.4	—	5.4
3 Enhancing the Group's design and customisation capabilities	6.4	0.4	6.0
4 General working capital	<u>2.9</u>	<u>1.6</u>	<u>1.3</u>
	<u><u>28.9</u></u>	<u><u>8.7</u></u>	<u><u>20.2</u></u>

Liquidity, Financial Resources and Capital Structure

	As at 31 March 2016 <i>HK\$'000</i>	As at 31 March 2015 <i>HK\$'000</i>
Current assets	225,026	136,444
Current liabilities	120,591	80,077
Current ratio (times)	<u>1.9</u>	<u>1.7</u>

The Group generally meets its working capital requirements by cash flows generated from its operations and short term borrowings. During the Year, the Group generated net cash inflow from operating activities of approximately HK\$2.6 million, together with the availability of short term bank loans and overdrafts, the Group has been financially sound in its daily operations throughout the Year.

During the Year, the Group financed its operations by its internal resources and bank facilities. As at 31 March 2016, the Group had net current assets of approximately HK\$104.4 million (2015: HK\$56.4 million). The Group's current ratio as at 31 March 2016 was approximately 1.9 times (2015: 1.7 times).

As at 31 March 2016, the Group had a total cash and bank balances of approximately HK\$47.4 million (2015: HK\$5.8 million) mainly denominated in HK\$. The increase in total cash and bank balances was mainly due to the receipt of proceeds from the Placing of approximately HK\$28.9 million, after the deduction of underwriting fees and related expenses.

As at 31 March 2016, the Group had a total available banking and other facilities of approximately HK\$90.0 million, of which approximately HK\$35.4 million was utilised and approximately HK\$54.6 million was unutilised and available for use.

The shares of the Company were listed on GEM of the Stock Exchange on the Listing Date and 150,000,000 of the Company's shares at a placing price of HK\$0.3 per share were issued on the same day. There has been no change in capital structure of the Company since the Listing Date. As at 31 March 2016, the equity attributable to owners of the Company amounted to approximately HK\$117.3 million (2015: HK\$59.9 million).

Gearing Ratio

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

The gearing ratio of the Group as at 31 March 2016 was approximately 29.5% (2015: 34.1%), the decrease was mainly due to increase the share capital and net profit of the Group during the Year.

Foreign Currency Exposure and Treasury Policy

Operations of the Group are mainly conducted in HK\$, US\$, British Pound (“**GBP**”), EUR and RMB. 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 Year, 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 Year. 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.

Pledged of Assets

As at 31 March 2016, the Group had bank borrowings of approximately HK\$33.9 million (2015: HK\$21.9 million) and banking facilities are secured by the followings:

- land and buildings with net carrying amount of approximately HK\$5.0 million (2015: HK\$5.2 million);
- bank deposits of approximately HK\$13.2 million (2015: HK\$10.0 million); and
- corporate guarantees provided by the Company.

In addition, the Group has pledged deposits of HK\$3.9 million as at 31 March 2016 (2015: HK\$3.9 million) to 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 31 March 2016 were approximately HK\$11.4 million (2015: HK\$11.4 million). The surety bonds are required for the entire year of the relevant construction contracts. As at 31 March 2016, the respective construction contracts are expected to be completed in year 2018 (2015: year 2017).

The Company, has unconditionally and irrevocably agreed to indemnify the insurance company for claims and losses the insurance company may incur in respect of the bonds. The surety bonds were secured by corporate guarantee provided by the Company upon Listing.

Significant Investments

Other than the investment in its subsidiaries, the Group did not hold any significant investments during the Year.

Material Acquisitions and Disposals

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

Contingent Liabilities

As at 31 March 2016, the Group did not have any significant contingent liabilities.

Final Dividend

During the Year, the Group declared and paid an interim dividend of HK\$15,000,000. The Board has proposed a final dividend of HK1.5 cents per share, which amount to a total of HK\$9.0 million.

Employees and Remuneration Policies

As at 31 March 2016, the Group had 111 staff (2015: 66). The total employee benefit expenses for the Year (including Directors' emoluments, salaries to staff and other staff benefits included provident fund contributions, medical insurance coverage and other staff benefits) was approximately HK\$43.4 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 Year, 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.

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 31 March 2016.

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 has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 15 to 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 the Listing Date, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 31 March 2016 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the members’ entitlement to attend and vote at the meeting, the register of members will be closed from Thursday, 4 August 2016 to Monday, 8 August 2016, both days inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 3 August 2016.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the “**Audit Committee**”) has discussed and reviewed with management the annual results and consolidated accounts for the year ended 31 March 2016.

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.

REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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

Hong Kong, 23 June 2016

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*