



LKS Holding Group Limited
樂嘉思控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8415

LISTING BY WAY OF PLACING

Sponsor

FRONTPAGE 富比

Joint Bookrunners and Joint Lead Managers

FRONTPAGE 富比



IMPORTANT

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

LKS Holding Group Limited 樂嘉思控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

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

Number of Placing Shares : 280,000,000 Shares
Placing Price : Not more than HK\$0.30 per Placing Share and
expected to be not less than HK\$0.20 per
Placing Share plus brokerage of 1%, the SFC
transaction levy of 0.0027% and the Stock
Exchange trading fee of 0.005% (payable in
full on application and subject to refund)
Nominal value : HK\$0.01 per Share
Stock code : 8415

Sponsor

FRONTPAGE 富比

Frontpage Capital Limited

Joint Bookrunners and Joint Lead Managers

FRONTPAGE 富比



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

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

The Placing Price is expected to be determined by agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date or such later date as may be agreed by our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). The Placing Price will be not more than HK\$0.30 per Placing Share and is expected to be not less than HK\$0.20 per Placing Share, unless otherwise announced.

The Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with our Company's consent, reduce the indicative Placing Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Placing. In such case, a notice of the reduction of the indicative Placing Price range will be published in the website of our Company at www.ampleconstruction.com.hk and the website of the Stock Exchange at www.hkexnews.hk. Further details are set out in the section headed "Structure and Conditions of the Placing" in this prospectus. If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Placing Price on the Price Determination Date (or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters)), the Placing will not become unconditional and will lapse immediately.

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

The obligations of the Underwriting Agreement are subject to termination by the Joint Lead Managers (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Grounds for termination" in this prospectus.

30 December 2016

CHARACTERISTICS OF GEM

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

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

The principal means of information dissemination on GEM is published on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on GEM listed issuers.

EXPECTED TIMETABLE

Price Determination Date⁽²⁾ Friday, 6 January 2017

Announcement of the determination of the Placing
Price and indication of the level of interest
in the Placing to be published on the HKEx
website at www.hkexnews.hk and our Company's
website at www.ampleconstruction.com.hk
on or before Wednesday, 11 January 2017

Allotment of the Placing Shares to placees
(or their designated person(s)) on or about Wednesday, 11 January 2017

Deposit of share certificates for the Placing Shares into
CCASS on or about⁽³⁾ Wednesday, 11 January 2017

Dealings in Shares on GEM expected to commence
at 9:00 a.m. on⁽³⁾⁽⁴⁾ Thursday, 12 January 2017

Notes:

- (1) All times and dates refer to Hong Kong times and dates, except as otherwise stated.
- (2) The Price Determination Date, being the date on which the Placing Price is to be determined, is expected to be on or around Friday, 6 January 2017 or such later date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company. If the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to reach any agreement on the Placing Price by that date or such later date as may be agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, the Placing will not proceed and will lapse.
- (3) The share certificates are expected to be issued in the name of HKSCC Nominees Limited or in the name of the placee(s) or their agent(s) as designated by the Underwriters and/or the placing agents. The share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited in CCASS on or about Wednesday, 11 January 2017 for credit to the relevant CCASS Participants' or CCASS Investor Participants' stock accounts designated by the Underwriters, the placees or their respective agents (as the case may be). No temporary documents or evidence of title will be issued by our Company.
- (4) All share certificates will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms prior to 8:00 a.m. (Hong Kong time) on the Listing Date. If the Placing does not become unconditional or is terminated in accordance with the terms and conditions, the Placing will not proceed and we will make an announcement as soon as possible. No dealings in the Placing Shares should take place prior to the Listing Date. Investors who trade the Shares prior to such date shall do so entirely at their own risk.
- (5) A separate announcement will be issued by our Company if there is any change to the expected timetable.

For details of the structure of the Placing, including the conditions thereof, please refer to the section headed "Structure and Conditions of the Placing" in this Prospectus.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Placing and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Placing Shares offered by this prospectus pursuant to the Placing. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

No action has been taken to permit a placing of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Placing. The contents on the website at www.ampleconstruction.com.hk, which is the official website of our Company, do not form part of this prospectus.

	<i>Page</i>
CHARACTERISTICS OF GEM	i
EXPECTED TIMETABLE	ii
CONTENTS	iii
SUMMARY	1
DEFINITIONS	11
GLOSSARY OF TECHNICAL TERMS	19
FORWARD-LOOKING STATEMENTS	21
RISK FACTORS	23
INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING	32
DIRECTORS AND PARTIES INVOLVED IN THE PLACING	36
CORPORATE INFORMATION	39

CONTENTS

	<i>Page</i>
INDUSTRY OVERVIEW	41
REGULATORY OVERVIEW	51
HISTORY, DEVELOPMENT AND REORGANISATION	64
BUSINESS	74
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS	120
DIRECTORS AND SENIOR MANAGEMENT	124
SHARE CAPITAL	138
SUBSTANTIAL SHAREHOLDERS	141
FINANCIAL INFORMATION	143
BUSINESS OBJECTIVE AND USE OF PROCEEDS	194
UNDERWRITING	212
SPONSOR'S INTERESTS	222
STRUCTURE AND CONDITIONS OF THE PLACING	223
APPENDIX I – ACCOUNTANTS' REPORT	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION ..	II-1
APPENDIX III – SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW ..	III-1
APPENDIX IV – STATUTORY AND GENERAL INFORMATION	IV-1
APPENDIX V – DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION	V-1

SUMMARY

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

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

OVERVIEW

We are a main contractor capable of (i) interior fitting-out and renovation services; and (ii) A&A works for residential, industrial and commercial properties in Hong Kong. We have been running our business since 2005 and gained extensive experience and reputation in the industry. Ample Construction, our principal operating subsidiary for the contracting businesses, has been registered as the Registered General Building Contractor under the Building Authority since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance. Ample Design, our design department, provides interior design services to clients.

Our fitting-out and renovation services mainly include interior fitting-out and renovation works for shops and offices in commercial and industrial properties and residential premises. For A&A works, our scope of works during the Track Record Period was generally structural alterations, structural steel, signage works, building maintenance, refurbishment works and ground improvement. The following tables summarise our revenue breakdown:

By type of services:

	For the year ended				For the three	
	31 March		2016		months ended	
	2015		2016		30 June	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	2016	
					<i>HK\$'000</i>	<i>%</i>
Fitting-out and renovation services	98,247	73.3	94,644	67.3	19,607	64.8
A&A works	32,697	24.4	39,130	27.8	8,667	28.7
Interior design services	3,103	2.3	6,945	4.9	1,978	6.5
Total	<u>134,047</u>	<u>100.0</u>	<u>140,719</u>	<u>100.0</u>	<u>30,252</u>	<u>100.0</u>

SUMMARY

By type of properties:

	For the year ended 31 March				For the three months ended 30 June	
	2015		2016		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Residential	24,061	17.9	23,761	16.9	11,984	39.6
Commercial and industrial	109,986	82.1	116,958	83.1	18,268	60.4
Total	134,047	100.0	140,719	100.0	30,252	100.0

The following table sets forth our gross profit and gross profit margin by service type during the Track Record Period:

	For the year ended 31 March				For the three months ended 30 June	
	2015		2016		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Gross profit and gross profit margin						
Fitting-out and renovation services	13,362	13.6	23,519	24.8	4,581	23.4
A&A works	4,534	13.9	2,948	7.5	2,156	24.9
Interior design services	871	28.1	3,475	50.0	1,144	57.8
Total/overall	18,767	14.0	29,942	21.3	7,881	26.1

We have secured our projects mainly by going through a competitive bidding process, whereby our Group either receives invitations for tender or requests for quotation. The following table sets out the number of project bids, number of successful project bids and our success rate during the Track Record Period:

	For the year ended 31 March		For the three months ended 30 June
	2015	2016	2016
	Number of project bids	656	632
Number of successful project bids	119	114	57
Success rate (%)	18.1%	18.0%	18.8%

During the course of providing services, we outsource works to our materials suppliers and subcontractors for better resource allocation, and we act as a main contractor for the coordination of materials, subcontractors, our customers and other relevant parties. We have designated personnel in our project management team for the supervision of our subcontractors to ensure their works meet our quality requirements.

SUMMARY

OUR BUSINESS MODEL

Our business model comprises the following:

Fitting-out and renovation

Our fitting-out and renovation business primarily includes interior fitting-out and renovation works carried out for residential, industrial and commercial properties in Hong Kong. The scope of work is generally unique and varies project by project. Please refer to the section headed “Business – Our business operations – I. Fitting-out and renovation business” in this prospectus for further details.

A&A works

Our A&A works include structural alteration, structural steelwork, building maintenance, signage works, ground improvement, refurbishment, fabrication, façade works, other works that improve the general condition of buildings and their facilities, and building construction works. Please refer to the section headed “Business – Our business operations – II. A&A works” in this prospectus for further details.

Interior design

Ample Design, being our interior design arm, provides interior design services. Please refer to the section headed “Business – Our business operations – III. Interior design” in this prospectus for further details.

OUR PROJECT WORK PORTFOLIO

During the Track Record Period and up to the Latest Practicable Date, we have undertaken a number of sizeable fitting-out, renovation and A&A projects and have served many well-known customers. Our track record of handling large scale projects successfully has become the key to gaining customers’ confidence and bringing in new businesses. During the Track Record Period, we completed a total of 74 fitting-out and renovation projects and 132 A&A projects, of which 51 were in the residential sector and 155 in commercial and industrial sector.

As at the Latest Practicable Date, our Group had 14 fitting-out and renovation projects and 23 A&A projects on hand, of which 13 were residential projects and 24 were commercial and industrial projects.

CUSTOMERS, SALES AND MARKETING

Our fitting-out, renovation and A&A projects are mainly awarded by way of tenders invited or quotations requested by our customers or their agents directly. For our interior design projects, our customers are basically those who are planning for fitting-out, renovation and A&A services. We do not limit our interior design customers to engage our Group to carry out fitting-out works exclusively.

For the two years ended 31 March 2016 and the three months ended 30 June 2016, the percentage of our Group’s aggregate turnover attributable to our Group’s largest customer was approximately 42.7%, 39.4% and 20.2%, respectively, while the percentage of our Group’s total turnover attributable to our five largest customers in aggregate was approximately 78.1%, 69.4% and 49.1%, respectively.

During the Track Record Period and up to the Latest Practicable Date, our customers engage us on a project-by-project basis instead of entering into any long-term contract. Our Directors consider that such arrangement is in line with the industry practice as fitting-out,

SUMMARY

renovation and A&A projects are usually one-off. The terms and conditions of the agreements vary from customer to customer and were generally in line with market practice. Please refer to the section headed “Business – Customers, sales and marketing” for further details.

SUPPLIERS

Our suppliers are broadly categorised into (i) materials suppliers; and (ii) subcontractors. Our largest supplier accounted for 11.2%, 9.7% and 17.6% of our total direct costs for the two years ended 31 March 2016 and the three months ended 30 June 2016, respectively. Our top five suppliers accounted for 34.7%, 31.8% and 48.3% of our total direct costs for the two years ended 31 March 2016 and three months ended 30 June 2016, respectively.

Materials suppliers

Our materials suppliers primarily supply us the following materials: lighting, furniture, finishes, electrical equipment, metalware, windows, kitchenware, timber products, tiles, wallpaper, carpet, paints and glass. We generally order the materials and insurance on a project-by-project basis and we did not enter into any long-term supply contracts with our materials suppliers.

Subcontractors

As a fitting-out, renovation and A&A works main contractor, we are responsible for overall project management and implementation. To optimise our resources level and enhance cost efficiency, we subcontract most of the activities of a project to other subcontractors. Typical scope of subcontracted works includes interior fitting-out, renovation and A&A works, building works, structural steel works, electrical works and stone works. We are responsible to our customers for the works performed in a project, including those carried out by our subcontractors. Our customers generally consent us in the use of subcontractors for a project. We enter into separate subcontract agreements with our individual subcontractors.

We maintain a list of approved suppliers (including materials suppliers and subcontractors), which were selected by our project directors and project managers mainly based on the suppliers’ availability, reputation, quality and workmanship, price, safety standard, punctuality of delivery of products or services, and past working experience with us. As at the Latest Practicable Date, there were approximately 504 suppliers (including materials suppliers and subcontractors) on the list of approved suppliers and our management reviews and updates such list regularly. Please refer to the section headed “Business – Suppliers” in this prospectus for further details.

LICENCES AND PERMITS

As at the Latest Practicable Date, Ample Construction is a Registered General Building Contractor and a Registered Electrical Contractor in Hong Kong. Details are as follows:

Authority	Type of registration	Registered Company	Registration No.	Date of registration	Date of expiration
Building Authority	General Building Contractor	Ample Construction	GBC 3/2006	11 October 2006	29 September 2018
Electrical and Mechanical Services Department	Electrical Contractor	Ample Construction	020845	14 July 2015	6 August 2018

SUMMARY

During the Track Record Period and up to the Latest Practicable Date, we had obtained all the material licenses and permits necessary for the operation of our businesses, and such licenses and permits are still valid and in force. We have not experienced any refusal of the renewal application of any material licenses or permits necessary for the operation of our businesses.

COMPETITIVE LANDSCAPE AND MARKET POSITION

According to the Euromonitor Report, the industry in which our Group operates is fragmented with a large number of players and is highly competitive on price. According to the Buildings Department Registry, there were 703 registered general building contractors and approximately 10,000 registered minor works contractors for A&A works under Type A minor works as of December 2016. There are some major construction contractors, which also have their own in-house fitting-out team or subsidiary, are likely to have a better competitive edge since they have the advantage of being able to compete for construction projects as a main contractor and the autonomy to use their own in-house team or engage their subsidiary for fitting-out works. On the other hand, the market share of players within the renovation and A&A works industry is more evenly distributed among mid-sized to small-sized players. Furthermore, as the fitting-out and renovation works and A&A works industry covers a wide range of works requiring different skills, most of the players tend to offer only services in a specialised area.

The quality of work is another factor that is important, especially for high-end developments, such as the fitting-out of luxury apartments or offices for leading international brands. Customers may prefer contractors who are able to coordinate the full range of construction services, eliminating the need to negotiate and deal with multiple subcontractors and possibly shortening the project timeframe. Our Directors consider that our ability to provide comprehensive services is a distinct feature of our Group in our industry. According to the Euromonitor Report, our Group had 0.3% market share in fitting-out and renovation works and 0.7% market share in A&A market in Hong Kong in 2015. Please refer to the section headed “Industry Overview – Competitive landscape” in this prospectus for further details.

COMPETITIVE STRENGTHS

Our Directors believe that the mastery of the following competitive strengths has set our Group apart from our competitors, which also becomes the key to our business growth:

- Established reputation and proven track record
- Possession of an experienced management team
- Versatile contractor capable of fitting-out, renovation and A&A works and interior design
- Stable relationship with our suppliers and subcontractors

BUSINESS OBJECTIVES AND STRATEGIES

Our primary business objective is to strengthen our position to take in more fitting-out, renovation and A&A projects in order to broaden our income sources, expand our customer base and achieve sustainable growth. We intend to achieve our business objectives by pursuing the following strategies:

- Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong

SUMMARY

- Uplift our efforts in developing and promoting our interior design and fitting-out business
- Expand our manpower for project execution and strengthen the skills of our staff
- Strengthen our organisation structure and enhance our marketing resources

For details on the implementation of the aforementioned business strategies, please refer to the section headed “Business Objective and Use of Proceeds” in this prospectus.

SUMMARY OF FINANCIAL INFORMATION

Summary of combined statements of profit or loss and other comprehensive income

	For the year ended		For the three months ended	
	31 March		30 June	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Revenue	134,047	140,719	30,342	30,252
Gross profit	18,767	29,942	5,205	7,881
Profit before tax	12,401	13,025	3,412	5,158
Profit and total comprehensive income for the year/period	10,406	10,067	2,807	4,385

Summary of combined statements of financial position

	As at		
	31 March	2016	30 June
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	3,397	3,149	3,722
Current assets	41,650	50,989	65,873
Total assets	45,047	54,138	69,595
Current liabilities	31,380	30,337	41,368
Net assets	13,416	23,484	27,869

SUMMARY

Summary of combined statements of cash flows

	For the year ended 31 March		For the three months ended 30 June	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating cash flow before movements in working capital	13,129	15,017	3,578	5,638
Net cash generated from operating activities	545	2,196	7,824	4,208
Net cash used in investing activities	(24)	(14)	(19)	(819)
Net cash generated from/(used in) financing activities	716	(1,224)	2,657	4,219
Net increase in cash and cash equivalents	1,237	958	10,462	7,608

Key financial and operating data

	As at or for the year ended 31 March		As at or for the three months ended 30 June
	2015	2016	2016
Gross profit margin	14.0%	21.3%	26.1%
Return on assets	23.1%	18.6%	25.2%
Return on equity	77.2%	42.4%	62.9%
Current and quick ratio	1.3	1.7	1.6
Gearing ratio	60.6%	20.8%	29.4%
Net debt to equity ratio	21.7%	N/A	N/A
Interest coverage	119.1 times	96.1 times	82.9 times

Our gross profit margin increased during the Track Record Period mainly because of (i) different project profit margin we charged to different clients; (ii) effective cost control of our projects; and (iii) increase in revenue from our interior design services. For details, please refer to the section headed “Financial Information – Period to period comparison of results of operations” in this prospectus.

For details on the formula of the key financial ratios, please refer to the section headed “Financial Information – Summary of key financial ratios” in this prospectus.

SHAREHOLDER INFORMATION

Immediately following completion of the Capitalisation Issue and the Placing, each of Heavenly White and Summer Unicorn will control 37.5% of our Company’s voting right. For the purpose of the GEM Listing Rules, each of Mr. Cheung, Heavenly White, Mr. Lam and Summer Unicorn is a Controlling Shareholder.

The Controlling Shareholders have entered into the Deed of Non-competition with our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest or

SUMMARY

otherwise be involved in, any business which may be in competition with the businesses. For further details, please refer to the section headed “Relationship with Controlling Shareholders – Non-competition undertakings” in this prospectus.

PLACING STATISTICS

	Based on the Placing Price of HK\$0.20	Based on the Placing Price of HK\$0.30
Market capitalisation at Listing (<i>Note 1</i>)	<u>HK\$224,000,000</u>	<u>HK\$336,000,000</u>
Unaudited pro forma adjusted combined net tangible assets per Share (<i>Notes 2 & 3</i>)	<u>HK\$0.06</u>	<u>HK\$0.09</u>

Notes:

- The calculation of the market capitalisation of our Company is based on 1,120,000,000 Shares in issue immediately after completion of the Placing.
- The unaudited pro forma adjusted combined net tangible assets per Share has been arrived at after the adjustments referred to under the paragraph headed “Unaudited pro forma adjusted combined net tangible assets” in the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus and on the basis of 1,120,000,000 Shares in issue at the respective Placing Prices of HK\$0.20 and HK\$0.30 per Share immediately following the completion of the Placing.
- In December 2016, an interim dividend of HK\$18,000,000 was declared to the then Shareholders of our Company. The unaudited pro forma adjusted combined net tangible assets had not taken into account of the above transaction. Had the effect of the interim dividend of HK\$18,000,000 appropriated in December 2016 been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.05 and HK\$0.07, assuming the Placing Price of HK\$0.20 and HK\$0.30 per Share, respectively on the basis that 1,120,000,000 Shares were in issue and that the interim dividend appropriated in December 2016, the Placing and the Capitalisation Issue had been completed on 30 June 2016.

USE OF PROCEEDS

We intend to raise funds by the Placing in order to pursue our business objectives and strategies. For further details, please refer to the section headed “Business Objective and Use of Proceeds” in this prospectus. Assuming a Placing Price of HK\$0.25 per Placing Share, the net proceeds from the Placing, after deducting related expenses, are estimated to be approximately HK\$50.0 million. We currently intend to apply such net proceeds from the Placing as follows:

Use	Amount of net proceeds to be applied	Approximate % of net proceeds to be applied
Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong	HK\$17.6 million	35.2%
Build mock-up unit, recruit designers and participate in competitions and exhibitions	HK\$8.5 million	17.0%
Expand our manpower for project execution and strengthen the skills of our staff	HK\$9.7 million	19.4%

SUMMARY

Use	Amount of net proceeds to be applied	Approximate % of net proceeds to be applied
Strengthen our business development and quantity surveying and enhance our marketing resources	HK\$9.2 million	18.4%
General working capital of our Group	HK\$5.0 million	10.0%

LISTING EXPENSES

Our estimated listing expenses primarily consist of legal and professional fees in relation to the Listing. Assuming a Placing Price of HK\$0.25 per Share, being the mid-point of the Placing Price range stated in this prospectus, the listing expenses are estimated to be approximately HK\$20,000,000, of which approximately HK\$7,049,000 is directly attributable to the issue of new Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately HK\$12,951,000 is chargeable to the combined statements of profit or loss and other comprehensive income, of which approximately HK\$4,512,000 and HK\$346,000 were charged to the combined statements of profit or loss and other comprehensive income for the year ended 31 March 2016 and three months ended 30 June 2016, respectively, and approximately HK\$8,093,000 is expected to be charged for the nine months ending 31 March 2017. Our Directors are of the view that the liquidity position of our Group will not be adversely affected by the Listing expenses. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred. Prospective investors should note that our financial results for the year ending 31 March 2017 will be affected by the estimated listing expenses described above.

DIVIDENDS

During the Track Record Period, we did not declare any dividend. Our Company declared a dividend in an amount of HK\$18 million in December 2016, of which approximately HK\$8 million was paid through internal resources and the balance of approximately HK\$10 million was set off against the outstanding balances of the amounts due from the Controlling Shareholders. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group will still maintain net current assets and net assets positions after payment of the dividend. We do not have a fixed dividend payout ratio. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. Dividends may be paid only out of our Company's distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

PRINCIPAL RISK FACTORS

We believe that there are certain risks involved in our operations, some of which are beyond our control. More details of the risks we are exposed to are set out in the section headed "Risk Factors" in this prospectus. The following highlights some of the risks which are considered to be material by our Directors:

- Our contracts are not recurring in nature and our future business depends on our continuing success on project tender

SUMMARY

- We rely on key management personnel and our business operation may be adversely affected if our Group is unable to retain them and identify suitable replacement
- We are exposed to credit risk of our major customers
- Our Group may not have adequate insurance coverage and our Group is affected by increasing insurance costs and reduction of insurance coverage by the insurers

LITIGATION AND POTENTIAL CLAIMS

As at the Latest Practicable Date, we faced one on-going litigation under the Employee's Compensation Ordinance and one common law personal injury claim, both arising from a fatal accident happened in August 2013. We have been advised by Mr. Yuen Siu Kei, a barrister-at-law in Hong Kong, that our Group may be liable under the Employee's Compensation Ordinance and in such event, our Group may be required to pay up to approximately HK\$2,013,000 as a compensation to the plaintiff. Our Group has made a provision of approximately HK\$2,013,000 in this regard. In addition, during the Track Record Period, there is one incident which may give rise to potential litigation in relation to employee's compensation and/or common law personal injury claims against our Group and we have settled three claims against us. Please refer to the section headed "Business – Litigation and potential claims" in this prospectus for further details.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have secured 68 additional contracts with an aggregate contract sum of approximately HK\$40,323,000 (6 of which have a project sum exceeding HK\$1 million). As at the Latest Practicable Date, we had 50 projects on hand (including contracts in progress as well as contracts that were awarded to us but not yet commenced). The aggregate contract sum of all contracts on hand is approximately HK\$91,521,000 and approximately HK\$22,365,000 of revenue has been recognised during the Track Record Period. We expect to recognise revenue of approximately HK\$69,156,000 for the year ending 31 March 2017 based only on our contracts on hand. As at the Latest Practicable Date, all existing projects have continued to contribute revenue to our Group and none of them have had any material interruption. The amount of revenue expected to be recognised is subject to change due to the actual progress and commencement and completion dates of our projects. Please refer to the section headed "Business – Our fitting-out, renovation and A&A project work portfolio" in this prospectus for further details.

Following the Track Record Period, we have been continuously approached by customers for submitting quotations or tenders for new projects. In this regard, our Directors have been cautiously optimistic in preparing our tenders and quotations with an aim to expand our business. A dividend of HK\$18.0 million was declared in December 2016 by our Company.

Our Directors confirm that there have not been any material adverse changes on our financial and trading position and our prospect after the Track Record Period and up to the date of this prospectus, other than the impact of listing expenses.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as disclosed, in particular, in the paragraphs headed "Summary of financial information" and "Listing expenses" in this section, there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2016, being the date to which the latest audited financial statements of our Group were made up, and up to the date of this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions have the following meanings.

“affiliate”	in relation to a body corporate, any subsidiary undertaking or parent undertaking of such body corporate, and any subsidiary undertaking of any such parent undertaking for the time being
“Ample Construction”	Ample Construction Company Limited (盈信建築有限公司) (formerly known as Surplus Construction Company Limited), a company incorporated in Hong Kong with limited liability on 8 July 2002 and an indirect wholly-owned subsidiary of our Company
“Ample Design”	Ample Design Company Limited, a company incorporated in Hong Kong with limited liability on 9 November 2007 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Ample Disegno”	Ample Disegno Company Limited (also known as Ample Disegno 有限公司 or Companhia Ample Disegno Limitada), a company incorporated in Macau on 29 November 2012 with limited liability and owned as to 50% and 50% by Mr. Cheung and Mr. Lam, respectively
“Ample Group”	Ample Group Limited (盈信集團有限公司), a company incorporated in Samoa on 21 July 2008 with limited liability and owned as to 50% and 50% by Mr. Cheung and Mr. Lam, respectively
“Articles of Association” or “Articles”	the articles of association of our Company adopted on 23 December 2016 and which will become effective upon Listing, as amended from time to time, a summary of which is contained in the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors

DEFINITIONS

“Building Authority”	the Director of Buildings as defined in the Buildings Ordinance
“Buildings Department”	the Buildings Department of the Government
“Buildings Ordinance”	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“business day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 839,980,000 Shares to be made upon capitalisation of certain sums standing in the credit of the share premium account of our Company referred to in the paragraph headed “A. Further information about our Company – 3. Written resolutions of the existing Shareholders passed on 23 December 2016” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chengdu Yingxin”	Chengdu Yingxin Construction Decoration Design Co., Ltd. (成都盈信建築裝飾設計有限公司), a company established in the PRC with limited liability on 29 November 2010 and owned as to 50% and 50% by Mr. Lam and Mr. Cheung, respectively
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice”	the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies Law”	the Companies Law (as revised) of the Cayman Islands as amended and supplemented from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	LKS Holding Group Limited (樂嘉思控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 11 February 2016, and whose shareholding structure is set out in the section headed “History, Development and Reorganisation – The corporate structure of our Group” of this prospectus
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus refers to Mr. Cheung, Mr. Lam, Heavenly White and Summer Unicorn
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Co-Managers”	Gransing Securities Co., Limited and Quam Securities Company Limited, being the co-managers of the Placing
“Deed of Indemnity”	a deed of indemnity dated 23 December 2016 entered into between the Controlling Shareholders and our Company (for our Company and as trustee for and on behalf of our subsidiaries), under which the Controlling Shareholders have given certain indemnities in favour of our Company containing, among others, the indemnities referred to in the paragraph headed “Statutory and General Information – E. Other information – 1. Tax and other indemnities” in Appendix IV to this prospectus

DEFINITIONS

“Deed of Non-competition”	a deed of non-competition entered into on 23 December 2016 between our Company (for our Company and as trustee for and on behalf of our subsidiaries) and each of the Controlling Shareholders, particulars of which are set out in the section headed “Relationship with Controlling Shareholders – Non-competition undertakings” in this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company
“Employees’ Compensation Ordinance”	the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Employment Ordinance”	the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Environmental Protection Department”	the Environmental Protection Department of the Government
“Euromonitor International”	Euromonitor International Limited, an independent market researcher commissioned by our Company for preparing the Euromonitor Report
“Euromonitor Report”	the market research report prepared by Euromonitor International on the fitting out, renovation and A&A works industry in Hong Kong as commissioned by us, an extract of which is set forth in the section headed “Industry Overview” in this prospectus
“Factories and Industrial Undertakings Ordinance”	the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Frontpage Capital”	Frontpage Capital Limited, a licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Government”	the government of Hong Kong

DEFINITIONS

“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or some or any of them
“Heavenly White”	Heavenly White Limited, a company incorporated in the BVI with limited liability on 21 December 2015 and wholly-owned by Mr. Cheung
“HKFRSs”	the Hong Kong Financial Reporting Standards (including Hong Kong Accounting Standards, amendments and interpretations) issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$”, “Hong Kong dollars” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
“IC Consultant”	Antonio & Clayton CPA Limited, the internal control consultant engaged by our Group to consider and comment on the design, implementation and operating effectiveness of the internal control procedures of our Group
“independent third party(ies)”	parties which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, are independent of and not connected with our Company and its connected persons
“Joint Bookrunners”	Frontpage Capital and CNI Securities Group Limited, being the joint bookrunners of the Placing
“Joint Lead Managers”	Frontpage Capital and CNI Securities Group Limited, being the joint lead managers of the Placing

DEFINITIONS

“Latest Practicable Date”	20 December 2016, being the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
“Listing”	listing of the Shares on GEM
“Listing Date”	the date, on which dealings in the Shares on GEM first commence
“Listing Division”	the Listing Division of the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mandatory Provident Fund Schemes Ordinance”	the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company as amended from time to time
“MOP”	Macanese pataca, the lawful currency of Macau
“Mr. Cheung”	Mr. Cheung Ka Yan (張嘉欣), our senior management member and a Controlling Shareholder
“Mr. Lam”	Mr. Lam Shui Wah (林瑞華), our executive Director, chief executive officer and a Controlling Shareholder
“Ms. Wong”	Ms. Wong Wan Sze (黃韻詩), our executive Director and chairman of our Board
“Placing”	the conditional placing of the Placing Shares by the Underwriters, as further described in the section headed “Structure and Conditions of the Placing” in this prospectus
“Placing Price”	the final price per Placing Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) which will be not more than HK\$0.30 per Placing Share and is expected to be not less than HK\$0.20 per Placing Share at which the Placing Shares are to be offered for subscription pursuant to the Placing, to be determined as further described in “Structure and Conditions of the Placing” in this prospectus

DEFINITIONS

“Placing Shares”	the 280,000,000 Shares being offered by our Company for subscription at the Placing Price per share under the Placing
“PRC” or “China”	the People’s Republic of China (中華人民共和國), except where the context requires otherwise, and for the purpose of this prospectus only, geographical references in this prospectus to the PRC or China exclude Hong Kong, Macau and Taiwan
“Price Determination Agreement”	the agreement to be entered into by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Placing Price
“Price Determination Date”	the date, expected to be on or around Friday, 6 January 2017, on which the Price Determination Agreement is entered into
“Reorganisation”	the corporate reorganisation arrangement undergone by our Group in preparation for the Placing as described in the section headed “History, Development and Reorganisation” in this prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“Samoa”	the Independent State of Samoa
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme of our Company, conditionally approved and adopted by our Company, the principal terms of which are summarised in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Sponsor”	Frontpage Capital, the sponsor of the Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning of Companies (Winding Up and Miscellaneous Provisions Ordinance) of our Company
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Summer Unicorn”	Summer Unicorn Limited (夏麟有限公司), a company incorporated in the BVI with limited liability on 22 December 2015 and wholly-owned by Mr. Lam
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, modified and supplemented from time to time
“Thrive Tide”	Thrive Tide Limited (茂泰有限公司), a company incorporated in the BVI with limited liability on 4 January 2016 and a direct wholly-owned subsidiary of our Company
“Track Record Period”	comprises the financial years ended 31 March 2015 and 2016 and three months ended 30 June 2016
“Underwriters”	the underwriters of the Placing named in the section headed “Underwriting – Underwriters” in this prospectus
“Underwriting Agreement”	the underwriting agreement dated 29 December 2016 and entered into between our Company, the Controlling Shareholders, our executive Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Managers and the Underwriters relating to the Placing, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States of America
“sq.ft.”	square feet
“sq. m.” or “m ² ”	square metre
“%”	per cent

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms and abbreviations in connection with our business used in this prospectus. The terms and their assigned meanings herein may not, however, correspond to their respective standard meanings or usages in the industry, as the terms may be.

“A&A”	in respect of our Group’s business, means alteration and addition works to existing buildings, but in its ordinary meaning would also involve the design of new structural works and/or the checking of structural adequacy of the existing construction
“building works”	includes any kind of building construction, site formation works, ground investigation, foundation works, repairs, demolition, alteration, addition and every kind of building operation, and includes drainage works
“CAGR”	compound annual growth rate
“completion” or “practical completion”	means that the project works are substantially or practically completed to the satisfaction of the employer, the latter of which liquidated damages for any delay in the project are no longer chargeable to the contractor
“GDP”	gross domestic product
“Green Card”	Construction Safety Training Certificate
“ISO”	the International Organization for Standardisation, a non-governmental organisation based in Geneva, Switzerland for assessing the quality management systems of business organisations
“ISO 14000”	a family of environmental management standards set by ISO for assisting a company to continually improve its ability to efficiently identify, minimise, prevent and manage environmental impacts. ISO 14001 is a member of that family and ISO 14001:2015 is the current version of ISO 14001

GLOSSARY OF TECHNICAL TERMS

“ISO 9000”	a family of standards set by ISO for quality management system where an organisation needs to demonstrate its ability to provide products that fulfil customers and applicable regulatory requirements and aim to enhance customer satisfaction. ISO 9001 is a member of that family and ISO 9001:2015 is the current version of ISO 9001
“OHSAS 18001:2007”	an international occupational health and safety management system specification

FORWARD-LOOKING STATEMENTS

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

- our Group’s business prospects;
- our Group’s contracts on hand;
- future developments, trends and conditions in the industry and markets in which we operate;
- our Group’s business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which our Group operate;
- changes to the regulatory environment and general outlook in the industry and markets in which our Group operate;
- the effects of the global financial markets and economic crisis;
- our Group’s financial position;
- our Group’s ability to reduce costs;
- our Group’s dividends;
- the amount and nature of, and potential for, future development of our Group’s business;
- various business opportunities that our Group may pursue;
- capital market developments;
- our Group’s ability to source raw materials;

FORWARD-LOOKING STATEMENTS

- fluctuation in the prices of raw materials and our Group's ability to pass-through any increases in price to customers;
- our Group's ability to protect our Group's intellectual property rights;
- our Group's ability to hire and retain talented employees;
- the actions and developments of our competitors and our Group's ability to compete under these actions and developments;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other factors beyond our Group's control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

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

RISK FACTORS

Prospective investor should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Placing. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospect of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This prospectus contains certain forward-looking statements regarding our plans, objective, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Placing Shares could decline due to any of these risks, and you may lose all or part of your investment.

There are certain risks involved in the operations of our Group, some of which are beyond our Group's control. These risks can be broadly categorised into: (i) risks relating to our business and operations; (ii) risks relating to our Group's market and industry; (iii) risks relating to the Placing; and (iv) risks relating to the statements made in this prospectus.

RISKS RELATING TO OUR BUSINESS AND OPERATIONS

Our contracts are not recurring in nature and our future business depends on our continuing success on project tender

The majority of our revenue is derived from contracts awarded through competitive tender process and is not recurring in nature. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, our tender success rates were approximately 18.1%, 18.0% and 18.8%, respectively, please refer to the discussion of our tenders submitted and success rate in the section headed "Business – Operating procedures – Quotations submitted during the Track Record Period" in this prospectus. As our projects are generally one-off, we have to go through a competitive bidding process each time we seek for new project from existing or new customers, who may impose specific and different requirements for selecting contractors or for their projects. Even if we are able to meet the pre-requisite requirements for tendering specific projects, there is no assurance that we would be invited to or would be made aware of the tender process or that the terms and conditions of the new contracts would be comparable to the existing contracts, or our tenders would ultimately be selected by customers. In the competitive bidding process, we may have to lower our contract prices or offer more favourable terms to our customers to enhance our competitiveness. If we are unable to maintain our competitiveness or retain our existing customers or obtain new contracts continuously, our business, financial conditions and results of operations may be materially and adversely affected.

In addition, our customers are expected to have adopted their respective evaluation system to select contractor. Although we believe they evaluate the standards of management, industrial expertise, financial capability, reputation and regulatory compliance of the candidate, such evaluation standards can be subjective and may change from time to time and vary among customers. Though we use our best endeavours to understand the customer's

RISK FACTORS

requirements and preferences, they may not be disclosed to us in full or at all, or we may even be unable to cater to our customer's ideal standard, which may vary from time to time. As such, there is no assurance that we will be selected in accordance with our customers' evaluation standards.

We rely on key management personnel and our business operation may be adversely affected if our Group is unable to retain them and identify suitable replacement

Our continued success and growth depend on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Ms. Wong, our executive Director and chairman of our Board, has been managing our Group's administration, business development and operation since 2007. Our executive Director and chief executive officer, Mr. Lam has over 20 years' experience working in the construction industry in Hong Kong. Our members of the senior management team, namely Mr. Cheung, Mr. Cheung Ho and Mr. Poon Yau Cheung, being our project director, project manager and project manager, respectively, have around 14 to 17 years of industry experience. Our continued success is dependent, to a large extent, on our ability to retain the services of our executive Directors and management team. Our management personnel and skilled employees may leave us or we may terminate their employment at any time, and there is no guarantee that we will be able to retain them or find suitable or comparable replacements on a timely basis or at all. The loss of services of any of our management personnel and skilled employees could have a material adverse effect on our business, results of operations and financial condition.

We are exposed to credit risk of our major customers

As at 31 March 2015, 31 March 2016 and 30 June 2016, our trade receivables (including retention receivables) from our respective five largest debtors were approximately HK\$10,183,000, HK\$29,231,000 and HK\$20,957,000, respectively while our trade receivables (including retention receivables) from our respective largest debtor were approximately HK\$3,572,000, HK\$13,380,000 and HK\$7,381,000, respectively.

We may grant longer credit term to customers who are individuals upon their request and based on factors such as (i) whether the customer is owner-occupier; (ii) the market value of the residential property; (iii) the purported competition we face when negotiating for the project; and (iv) our business relationship with the referrer who refers the customer to us. The complete financial and operational condition of our customers is not always available to us, and we may not be in any position to obtain such information. As a result, if any of our major customers experience liquidity problems, it may result in delay or default in settling progress payments to us, which in turn will have an adverse impact on our cash flows and financial conditions.

Our Group may not have adequate insurance coverage and our Group is affected by increasing insurance costs and reduction of insurance coverage by the insurers

Our Group has maintained insurance coverage for various risks in relation to its operations. Some customers may also demand insurance coverage to meet the requirements as stipulated in the contracts. However, our Group does not carry any insurance policies

RISK FACTORS

against certain risks, such as acts of terrorism, natural disasters and working at height exceeding 2 metres above the ground or floor level without safety belt or harness, because they are either uninsurable or it is not cost-justifiable to insure against such risks. Furthermore, for risks currently covered, adequate insurance coverage may not be available in the future on reasonable terms or may only be available at significantly higher premiums. Should any major claims in these regards be made which are not covered by adequate insurance, our Group's business and financial performance may be materially and adversely affected. During the Track Record Period, the insurance costs of our Group have continued to increase and for each of the years ended 31 March 2015 and 2016, the aggregate expenses of our Group's insurances were approximately HK\$1,373,000 and HK\$1,586,000, respectively. For the three months ended 30 June 2016, our aggregate expenses of insurances amounted to approximately HK\$350,000. Any further increase in insurance costs (such as an increase in insurance premiums) or reduction in coverage may materially and adversely affect our Group's business operations and financial results.

Our failure to meet the time requirements stipulated in our contracts may lead to liquidated damages

Some of our contracts are subject to specific completion schedule requirements with liquidated damages penalty if we fail to meet the schedule. Liquidated damages are typically levied at an agreed rate of the contract sum for each day of delay. The actual time needed to complete a fitting-out, renovation or A&A project may be adversely affected by various factors, including adverse weather conditions and other acts of God, shortage of materials and labour, additional variations to the interior design or renovation plans requested by our customers or due to technical needs, disputes with subcontractors, accidents and other unforeseen problems or circumstances, which may be beyond our control. Any failure to meet the time requirements stipulated in our contracts could lead to significant liquidated damages payable by us, which could have an adverse impact on our reputation, reduce or eliminate our profit, or even give rise to a loss in worse case, on such contract and adversely affect our liquidity and cash flows.

We are exposed to disputes, claims or litigation that may affect our operations and financial positions

As an interior designer or a contractor for fitting-out, renovation and A&A works, we may be subject to claims in respect of various matters from our customers, suppliers, subcontractors, workers and other parties concerned with the projects from time to time. Such may include claims for compensation due to late completion of works or delivery of substandard works, disputes relating to late or insufficient payment and claims in respect of personal injuries and labour compensation in relation to works. In addition, we may, from time to time, face prosecutions relating to labour safety offences arising from our or our subcontractors' failure to comply with relevant work safety legislations or other health or environmental offences. Any of such claims may cause us to incur material costs or losses and may hence materially and adversely affect our business, financial condition and results of operations. The outcome of a claim is subject to relevant parties' negotiation, decision of the court or relevant arbitration organisation. Should such claims fall outside of the scope and/or limit of our insurance coverage or exceed the retention monies retained from our

RISK FACTORS

subcontractors, our financial position and results of operation may be adversely affected. In addition, the disputes, claims or litigation may lead to negative publicity, that could result in loss of customers or lead to increasing difficulty in securing new projects.

During the Track Record Period, we faced one litigation under the Employee's Compensation Ordinance and one civil claim, both arising from a fatal accident happened in August 2013. For details, please refer to the section headed "Business – Litigation and potential claims" in this prospectus.

We depend on our subcontractors and materials suppliers to complete the works of our projects

We have in the past relied on and expect to continue to rely on our subcontractors and materials suppliers to complete most of the works and deliver materials for our projects. Nevertheless, we may not be able to effectively monitor the performance of these subcontractors and materials suppliers as directly and efficiently as our own staff. In addition, qualified subcontractors or materials suppliers may not always be readily available when our needs for outsourcing arise. If we are unable to hire qualified and competent subcontractors or suppliers, our ability and punctuality to complete projects could be impaired. If a subcontractor or materials supplier fails to provide services or supply materials as required under a contract for any reason, we may be required to source these services from third parties which may delay our project or at a higher price than anticipated, which could impact contract profitability. If a subcontractor's or materials supplier's performance does not meet our standards, the quality of the project may be affected, which could also harm our reputation and potentially expose us to litigation and damage claims.

In addition, we require our subcontractors and materials suppliers to follow and adopt all safety measures and procedures as stipulated in our safety policy. However, if our subcontractors or materials suppliers violate any laws, rules or regulations in relation to health, safety and environmental matters, we may not only expose ourselves as primary obligor to prosecutions by relevant authorities, but also be subject to claims for losses and damages if such violations cause any personal injuries/death, damage to properties fines or other remedial measures. In the event there is any such violation occurred in the sites for which we are responsible, our reputation, operations and hence our financial position will be adversely affected. In addition, relevant safety measures and procedures may change in the future. If there is any change to such safety measures and procedures applicable to us or our subcontractors, we may incur additional cost in complying with them, which in turn may adversely affect our profitability.

Our profit may be substantially reduced if there are changes in our subcontracting and material costs after tender

Our direct costs mainly consist of subcontracting and material costs, which amounted to approximately HK\$107,631,000, HK\$99,348,000 and HK\$19,211,000 or approximately 93.4%, 89.7% and 85.9% of our direct costs for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, respectively. We prepare our tender and quotation based on our estimated project costs (which mainly include wages of our staff, subcontracting and material costs) plus a mark-up margin at the time when we submit our

RISK FACTORS

tender for projects or our initial proposals to our potential customers. However, the actual subcontracting and material costs will not be finalised until we have entered into formal agreements with our subcontractors and suppliers upon the award of a fitting-out, renovation or A&A contract. We cannot assure you that there will not be any fluctuations in the subcontracting and material costs during such period in the future, the occurrence of which may materially and adversely affect our business, financial conditions and results of operations.

We are subject to other construction risks such as fire, suspension of water and electricity supplies

In the course of our fitting-out or construction projects, we are subject to construction risks, and some of which such as fire, suspension of water and electricity supplies are beyond our control. Due to the occurrence of these construction risks, we may not be able to complete the projects within the prescribed time requirements, and hence subject to claims by our customers. In addition to adversely affecting the work progress, these construction risks may threaten the safety of our labour and workers of our subcontractors or pose risks to our equipment kept at the project sites.

If our Group fails to collect trade receivables from customers in a timely manner or at all, our Group's working capital and cash flow may be adversely affected

Our debtors' turnover days were approximately 16.4 days, 40.1 days and 76.3 days for each of the year ended 31 March 2015 and 2016 and the three months ended 30 June 2016, respectively. As far as a single project is concerned, we normally start recording our net cash outflows when we are required to pay the start-up costs in the early stage, such as purchase of materials and payment to our suppliers and staff. However, the progress payments will not be paid to us until our works are certified by our customers or certain milestone is achieved. Therefore, our cash flows for a particular project will only turn into accumulative net inflows gradually as the works progress. There can be no guarantee that we can maintain sufficient control over our cash flow to avoid excessive cash flow request brought by significant projects at a particular period of time. If we are unable to manage the fluctuation of our cash flow, our business, financial conditions and results of operations could be materially and adversely affected.

We are engaged in an industry that we require stable supply of labour to carry out our projects

We engage in an industry that requires stable labour force to complete our fitting-out, renovation and A&A projects. For these projects, we rely on workers with different skills to complete our projects. In addition, the labour costs have kept surging in recent years. There is no assurance that we will be able to recruit sufficient labour in the future or the labour supply and average labour costs will remain stable in the future. If either we or our subcontractors fail to retain existing labour and/or recruit sufficient labour in a timely manner to cope with the demand of our existing or future projects, or there is a significant increase in the labour costs, we may not be able to complete our projects on schedule or within budget. As such, our business, financial conditions and results of operations may be adversely affected.

RISK FACTORS

We do not have a fixed dividend payout ratio

Our Group has not declared any dividend during the Track Record Period. Our Company declared a dividend in an amount of HK\$18 million in December 2016 and settled through internal resources and setting off the amount due from the Controlling Shareholders. Any declaration of dividends proposed by our Directors and the amount of any such dividends will depend on various factors, including, but not limited to, our results of operations, financial condition, future prospects and other factors which our Directors may consider important. Please refer to the section headed “Financial Information – Dividends” in this prospectus for further details. Due to the above reasons, we cannot guarantee if and when dividends will be paid in the future.

RISKS RELATING TO OUR GROUP’S MARKET AND INDUSTRY

The entry barrier to interior design, fitting-out, renovation and A&A industry is low and we may face fiercer competition if there are new comers

The interior design, fitting-out, renovation and A&A industry in Hong Kong is highly competitive. Market participants not only have to come up with new creative ideas and skills, but also have to cut their prices and lower their profit to obtain tenders and projects. We have a large number of competitors including local and international companies which offer similar services as ours in Hong Kong. Please refer to the section headed “Business – Competition landscape” in this prospectus for further details. Some of our competitors may have more manpower, resources, licenses and qualifications, longer operating histories and stronger relationship with customers and brand names. Due to the large number of competitors, we may face significant downward pricing pressure and thereby reduce our profit margins. There is no assurance that our profit margin will not decline as a result of the price pressure. If we cannot adapt effectively and promptly to changing market conditions and customer preferences or otherwise fail to provide a competitive bid as compared to our competitors, our services may not be attractive to customers and our business may be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts.

Our business may suffer if we do not respond effectively to changes in regulatory and industry standards

Our success will depend, in part, on our ability to keep up with the pace of changing standards in the market we serve. If we do not respond successfully to changes in the regulatory, as well as evolving industry standards, our customers are likely to seek more qualified service providers who are able to respond more effectively to changes in the regulatory standards and better meet their demand. In such event, our business and results of operations may be materially and adversely affected.

RISK FACTORS

Our performance is dependent on market conditions and trends in the interior design, fitting-out, renovation and A&A industry and in the overall economy which may change adversely

Our operations and management are currently located in Hong Kong. The future growth and level of profitability of the interior design, fitting-out, renovation and A&A industry in Hong Kong are likely to depend primarily upon the continuing availability of major interior design, fitting-out, renovation and A&A projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors, in particular, customer expenditure on the interior design, fitting out, renovation and A&A works in connection with the general conditions and prospects of the economy of Hong Kong. These factors may affect the availability of interior design, fitting-out, renovation and A&A projects from public sector, private sector or institutional bodies. Should there be a recurrence of recession in Hong Kong, deflation or any changes in Hong Kong's currency policy, or should the demand for interior design, fitting-out, renovation and A&A works in Hong Kong deteriorate, our operations and profits could be adversely affected.

RISKS RELATING TO THE PLACING

An active trading market of the Shares may not develop

Prior to the Placing, there has been no public market for the Shares. The initial Placing Price range for the Placing Shares was the result of negotiations among our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). The Placing Price may differ significantly from the market price for the Shares following the Placing. However, even if approved, being listed on GEM does not guarantee an active trading market for the Shares following the Placing or that the Shares will always be listed and traded on GEM. Our Group cannot assure that an active trading market will be developed or maintained following completion of the Placing, or that the market price of the Shares will not fall below the Placing Price.

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

Upon Listing, the trading volume and market price of the Shares may be affected or influenced by a number of factors from time to time, including but not limited to, the revenue, earnings and cash flows of our Group and announcements of new services and/or investments of our Group, strategic alliances and/or acquisitions, fluctuations in market prices for our Group's services or fluctuations in market prices of comparable companies, changes of senior management of our Group, and general economic conditions. Any such developments may result in large and sudden changes in the volume and price at which the Shares will trade. There is no assurance that such developments will or will not occur and it is difficult to quantify the impact on our Group and on the trading volume and market price of the Shares. In addition, shares of other companies listed on GEM have experienced substantial price volatility in the past. It is likely that from time to time, the Shares will be subject to changes in price that may not be directly related to our Group's financial or business performance.

RISK FACTORS

Purchasers of the Placing Shares will experience an immediate dilution and may experience further dilution if our Company issues additional Shares or other securities in the future

Based on the Placing Price range, the Placing Price is expected to be higher than the net tangible asset value per Share immediately prior to the Placing. Therefore, the purchasers of the Placing Shares will experience an immediate dilution in unaudited pro forma net tangible asset value to approximately HK\$0.06 per Share and approximately HK\$0.09 per Share based on the Placing Price of HK\$0.2 per Placing Share and HK\$0.3 per Placing Share, respectively. Additional funds may be required in the future to finance the expansion or new developments of the business and operations of our Group or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the Shareholders in our Company may be diluted or such new securities may confer rights and privileges that take priority over those conferred by the Placing Shares.

Future sales by existing Shareholders of a substantial number of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares

The Shares held by the Controlling Shareholders are subject to a lock-up period beginning on the date on which trading in the Shares commences on GEM. There is no assurance that the Controlling Shareholders will not dispose of their Shares after the lock-up period. Our Group cannot predict the effect, if any, of any future sales of the Shares by any substantial Shareholder or Controlling Shareholders, or the availability of Shares for sale by any substantial Shareholder or Controlling Shareholders may have on the market price of the Shares. Sales of a substantial amount of Shares by any substantial Shareholder of our Company or Controlling Shareholders or the issuance of a substantial amount of new Shares by our Company, or the market perception that such sales or issuance may occur, could materially and adversely affect the prevailing market price of the Shares.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from those in Hong Kong

The corporate affairs are governed by the Memorandum, Articles of Association, the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes or judicial precedents in existence in Hong Kong, which mean that the remedies available to our Company's minority shareholders may be different from those they would have in other jurisdictions. A summary of Companies Law is set out in Appendix III to this prospectus.

RISK FACTORS

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS

Statistics and facts in this prospectus have not been independently verified

This prospectus includes certain statistics and facts that have been extracted from Government official sources and publications or other sources. Our Company believes the sources of these statistics and facts are appropriate for such statistics and facts and has taken reasonable care in extracting and reproducing such statistics and facts. Our Company has no reason to believe that such statistics and facts are false or misleading or that any fact has been omitted that would render such statistics and facts false or misleading. These statistics and facts from these sources have not been independently verified by our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other parties involved in the Placing and therefore, our Company makes no representation as to the accuracy or completeness of these statistics and facts, as such these statistics and facts should not be unduly relied upon.

Forward-looking statements contained in this prospectus may be inaccurate and therefore investors should not place undue reliance on such information

This prospectus contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors and our Group. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. The actual financial results, performance or achievements of our Group may differ materially from those discussed in this prospectus.

Investors should not rely on any information contained in the press articles or other media regarding us and the Placing

Prior to the publication of this prospectus, there might have been press articles and media or internet coverage regarding us and the Placing which might include certain financial information, financial projections, and other information about us which do not appear in this prospectus. Such information might not be sourced from or authorised by us, hence, we do not accept any responsibility for the accuracy and completeness of such information. We cannot guarantee and make no representation as to the appropriateness, accuracy, completeness or reliability of such information. Potential investors are therefore cautioned to make their investment decisions based solely on the information contained in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE PLACING

The Placing Shares are offered solely on the basis of the information contained and the representations made in this prospectus. So far as the Placing is concerned, no person is authorised to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sponsor, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other parties involved in the Placing.

PLACING SHARES ARE FULLY UNDERWRITTEN

This prospectus is published in connection with the Placing which is sponsored by the Sponsor. The Placing Shares will be fully underwritten by the Underwriters pursuant to the Underwriting Agreement subject to the Placing Price being fixed by agreement between our Company, the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date. For further information about the Underwriters and the Placing and underwriting arrangements, please refer to the section headed "Underwriting – Underwriters" in this prospectus.

RESTRICTIONS ON SUBSCRIPTION OF THE PLACING SHARES

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

Save as mentioned above, no action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Placing Shares or the distribution of this prospectus. This prospectus is not an offer or invitation in any jurisdiction in which it is not authorised, and is not an offer or invitation to any person to whom it is unlawful to make an unauthorised offer or invitation.

It is expected that, pursuant to the Placing, the Underwriters will conditionally place the Placing Shares on behalf of our Company with investors. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Placing in any jurisdiction or, in any circumstances in which such an offer or

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Placing Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under any applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

Prospective investors for the Placing Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions. Prospective investors for the Placing Shares should inform themselves as to the relevant legal requirements of applying for the Placing Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM

Our Company satisfies the requirements relating to continuity of ownership and control throughout the full financial year immediately preceding the Latest Practicable Date and up until the Listing Date under Rule 11.12A(2) of the GEM Listing Rules.

Our Company has applied to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus. No part of the share or loan capital of our Company is listed, or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

Under Section 44B(1) of the Companies (Winding up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Placing or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public. A total of 280,000,000 Shares representing approximately 25% of the enlarged issued share capital of our Company immediately following completion of the Placing (without taking into account any options which may be granted under the Share Option Scheme) will be made available under the Placing.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Placing Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Placing accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares or the exercise of their rights thereunder.

SHARE REGISTRAR AND STAMP DUTY

The Shares are freely transferable. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

All the Placing Shares will be registered on the register of members of our Company in Hong Kong. Dealings in the Shares registered on our Company's register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong Dollars in respect of the Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

STRUCTURE AND CONDITIONS OF THE PLACING

Details of the structure of the Placing, including its conditions, are set out in the section headed "Structure and Conditions of the Placing" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

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

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence on or about Thursday, 12 January 2017. Shares will be traded in board lots of 10,000 Shares each. The stock code for the Shares is 8415.

CURRENCY TRANSLATION

Unless otherwise specified, translation of US\$ into HK\$ in this prospectus are based on the exchange rate set out below (for the purpose of illustration only):

US\$1.00: HK\$7.78

No representation is made that any amounts in US\$ and HK\$ can be or could have been converted at the relevant dates at the above exchange rate or any other rates.

LANGUAGE

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

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amount may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Ms. Wong Wan Sze (黃韻詩)	Block 10, Boulevard Du Palais The Beverly Hills Tai Po Hong Kong	Chinese
Mr. Lam Shui Wah (林瑞華)	Flat F, 31st Floor Block 6, City Point 48 Wing Shun Street Tsuen Wan Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Ng Man Wai (吳文偉)	Flat B, 14th Floor Fairview Court 15 King Kwong Street Happy Valley Hong Kong	Chinese
Mr. Wu Wai Ki (胡惠基)	Flat B, 27th Floor, Block 2 Harmony Garden 28 Luen Yan Street Tsuen Wan New Territories Hong Kong	Chinese
Ms. Tsang Ngo Yin (曾傲嫻)	Flat G, 34th Floor Ko Fung Court Harbour Heights 5 Fook Yum Road North Point Hong Kong	Chinese

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

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

PARTIES INVOLVED IN THE PLACING

Sponsor

Frontpage Capital Limited

26th Floor, Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)

**Joint Bookrunners and
Joint Lead Managers**

Frontpage Capital Limited

26th Floor, Siu On Centre

188 Lockhart Road

Wan Chai

Hong Kong

CNI Securities Group Limited

10th Floor, Sun's Group Centre

200 Gloucester Road

Wan Chai

Hong Kong

**Co-Managers
(in alphabetical order)**

Gransing Securities Co., Limited

Rooms 805-806

Far East Consortium Building

121 Des Voeux Road

Central

Hong Kong

Quam Securities Company Limited

18/F-19/F, China Building

29 Queen's Road Central

Central

Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

Legal advisers to our Company	as to Hong Kong law: CFN Lawyers in association with Broad & Bright Room 4124, 41st Floor Sun Hung Kai Centre 30 Harbour Road Wan Chai Hong Kong <i>(Solicitors of Hong Kong SAR)</i>
	as to Cayman Islands law: Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong <i>(Cayman Islands attorneys-at-law)</i>
Legal advisers to the Sponsor and the Underwriters	as to Hong Kong law: Loeb & Loeb LLP 21st Floor, CCB Tower 3 Connaught Road Central Hong Kong <i>(Solicitors of Hong Kong SAR)</i>
Reporting accountants	HLB Hodgson Impey Cheng Limited 31st Floor, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong <i>(Certified Public Accountants)</i>
Market research consultant	Euromonitor International Limited 11 Keppel Road ABI Plaza Singapore

CORPORATE INFORMATION

Headquarters and principal place of business in Hong Kong under Part 16 of the Companies Ordinance	Unit 1310, Eastern Harbour Centre No. 28 Hoi Chak Street Quarry Bay Hong Kong
Registered office	P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Company's website	www.ampleconstruction.com.hk <i>(information on this website does not form part of this prospectus)</i>
Company secretary	Ms. Yim Sau Ping (嚴秀屏) (CPA) 2nd Floor, 596 Wonderland Tai Po Tau Tai Po New Territories Hong Kong
Authorised representatives	Ms. Wong Wan Sze (黃韻詩) Block 10, Boulevard Du Palais The Beverly Hills Tai Po Hong Kong Ms. Yim Sau Ping (嚴秀屏) (CPA) 2nd Floor, 596 Wonderland Tai Po Tau Tai Po New Territories Hong Kong
Compliance officer	Ms. Wong Wan Sze (黃韻詩) Block 10, Boulevard Du Palais The Beverly Hills Tai Po Hong Kong
Audit committee	Ms. Tsang Ngo Yin (曾傲嫻) (Chairman) Mr. Ng Man Wai (吳文偉) Mr. Wu Wai Ki (胡惠基)
Remuneration committee	Mr. Wu Wai Ki (胡惠基) (Chairman) Ms. Tsang Ngo Yin (曾傲嫻) Ms. Wong Wan Sze (黃韻詩)

CORPORATE INFORMATION

Nomination committee	Ms. Wong Wan Sze (黃韻詩) (<i>Chairman</i>) Ms. Tsang Ngo Yin (曾傲嫻) Mr. Wu Wai Ki (胡惠基)
Cayman Islands principal share registrar and transfer office	Estera Trust (Cayman) Limited PO Box 1350 Clifton House 75 Ford Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Compliance adviser	Frontpage Capital Limited 26th Floor, Siu On Centre 188 Lockhart Road Wan Chai Hong Kong <i>(A licensed corporation for carrying on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)</i>
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 8th Floor, Tower 2 HSBC Centre, 1 Sham Mong Road Tai Kok Tsui, Kowloon Hong Kong DBS Bank (Hong Kong) Limited 16th Floor, The Centre 99 Queen's Road Central Central, Hong Kong

INDUSTRY OVERVIEW

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

SOURCE OF INFORMATION

In connection with the Listing, we have commissioned Euromonitor International, an independent third party, to conduct a study of the fitting-out, renovation and A&A works industry in Hong Kong at a fee of US\$56,580. Established in 1972, Euromonitor International is a global research organisation with over 1,000 full-time staff and field-based analysts in 80 countries worldwide, providing trade and strategy research and detailed local market analysis, and has accumulated over 15 years of industry experience in Hong Kong. Except for the Euromonitor Report, we have not commissioned any other customised research report in connection with the Listing or this prospectus.

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

RESEARCH METHODOLOGY

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

- Secondary research involved the review of published sources, company reports including audited financial statements where available and independent research reports.
- Primary research involved interviews and surveys with a sample of leading industry participants and experts for the latest data and insights into future trends, supplemented by verification and cross-checking of data and research estimates for consistency.
- Review and cross-checks of all sources and independent analysis to build final estimates including the size, shape, drivers and future trends of the fitting out, renovation and A&A works industry in Hong Kong and prepare the final report.

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

INDUSTRY OVERVIEW

ASSUMPTIONS

The following assumptions were based on in the Euromonitor Report:

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

MACRO-ECONOMIC ENVIRONMENT IN HONG KONG

Hong Kong's economy has performed well

Hong Kong's economy expanded by a CAGR of 5.6% over the 2011 through 2015 period (the "**Review Period**"). Gross national income has grown proportionally together with GDP growth, having expanded by a CAGR of 5.3% over the same period to reach HK\$2,442 billion in 2015. GDP per capita however grew at a slower CAGR of 4.4%.

However, China's economic slowdown as well as weakening global demand leads to macroeconomic conditions that are expected to persist over the short to medium term, resulting in declining exports and retail sales over the Review Period. The GDP growth of 3.1% in the first quarter of 2016 evidenced the slowdown of Hong Kong economy.

Strong growth and expansion in the construction industry fuelled by real estate boom

The construction industry had expanded significantly in recent years, registering a double digit growth year-on-year to reach HK\$99.4 billion in 2014, hitting a high of 17% in 2013 before moderating to 16% in 2014. Much of this was due to an on-going boom in the real estate market for Hong Kong over the review period, creating heightened levels of demand for the construction of new buildings overall.

The construction industry is also an important contributor to overall GDP output and growth in Hong Kong, accounting for 4.4% of total GDP in 2014 – up from only 3.4% in 2011. At the same time, this growth in the construction industry has also benefited workers in this industry, with median monthly wages growing by an impressive 7.1% CAGR over the Review Period to hit HK\$20,000 in 2015. This highlights the increasing importance of the construction industry to Hong Kong's continued economic prosperity and GDP growth over time.

INDUSTRY OVERVIEW

Growth in domestic households creates growth opportunities for fitting-out and renovation works

Hong Kong's population has expanded at a similar pace over the past decade, growing by a CAGR of 0.9% over the Review Period to reach a population of 7.3 million people by 2015. The overall fertility rate in Hong Kong remains low, as urban residents continue to delay starting their own families as they pursue career and education goals.

Growth in the number of domestic households has taken place at a slightly faster pace compared to population growth over the period, increasing by a CAGR of 1.2% over the Review Period, by which there were approximately 2.5 million households in Hong Kong, up from the nearly 2.4 million households recorded back in 2011.

That the growth in domestic households has been faster than overall population growth bodes well for the residential fitting-out and renovation works in Hong Kong. Households moving into new residences are more likely to provide new business opportunities for such service providers compared to more established households who have resided at their current residence for some period of time.

Growing demand for high quality fitting-out work and renovation of retail stores

Retailing has been vibrant in Hong Kong where the city remains a popular shopping destination in the region. In view of the economic slowdown, retailers were seen to take up or combine smaller outlets for cost effectiveness instead of expanding the number of outlets. Nonetheless, retailers are placing emphasis on store quality and brand image. A combination of pleasant shopping environment and customer service can deliver advanced shopping experience. Retailers such as the luxury goods and fashion brands put strong emphasis on the quality of fitting-out and interior design of their stores in order to create premium customer service to their customers, which in turn drives the demand of high quality fitting-out and renovation work services.

Leases/Tenancy agreements maintain stable base

Demand for offices and commercial spaces witnessed growth from 2011 to 2014 as Hong Kong continued to position itself as a business hub attracting both local and global businesses to set up their offices here. The city is known to be the most expensive city in the world to rent office space in high rise buildings. Office rentals have been consistently on the rise with the rental index growing from 169.9 in 2011 to 226.6 in 2015. However, the number of deeds dipped by around 16% in 2015, as shown in the table below, which could be dampened by the global economic slowdown.

	2011	2012	2013	2014	2015	CAGR (2011-2015)
Number of leases/ tenancy agreements	4,999	4,885	4,823	5,031	4,231	-4.1%

(Source: Land Registry)

INDUSTRY OVERVIEW

DEVELOPMENT OF PUBLIC AND PRIVATE SPACES IN HONG KONG

Sharp fall in number of sale and purchase agreements although total consideration fared better

There was a sharp decline in the number of sale and purchase agreements registered over the Review Period, dropping by a CAGR of 9.8% from 84,462 agreements registered in 2011, to only 55,982 agreements registered in 2015. The lowest numbers of registrations were recorded in 2013, when cooling measures targeting the residential property market in Hong Kong was first introduced by the Government, pushing investors into taking a wait-and-see approach as they sought more clarity on the impact of these cooling measures.

Over the same period, the total consideration amount of domestic units registered declined at a slower pace, despite dropping from HK\$442.5 billion in 2011 to HK\$298.9 billion in 2013, before rebounding to HK\$416.5 billion by 2015. This indicated that despite a fall in the number of sale and purchase agreements for residential units, overall valuation of these transactions remained resilient. This in turn was most probably due to sustained purchasing interest in higher-end properties, which helped to cushion the negative impact of a significantly sharper decline in overall transactions.

Government cooling measures cause a slowdown in completion of private projects

Residential property prices in Hong Kong is among the most expensive in the world, and correspondingly is also one of the most active property markets globally, with high capital gains and relaxed regulations on foreign ownership of properties in Hong Kong attracting many well-heeled investors from across the world. Over time, this has led to high demand for residential properties in Hong Kong, which in turn has seen residential property prices soar to new highs.

In response to sky-high prices of residential properties and the fear of a property bubble building up in Hong Kong, the Government has introduced a series of cooling measures for the property market in 2012 to avert a hard landing, which has taken effect at a time when large numbers of residential properties were already under construction. This rising supply of residential units, rising short-term interest rates, slowing growth in Mainland China and cooling measures have all begun to take effect, with housing sales dropping to a 25-year low in February 2016, and housing prices down by 10% in the same month from the peak prices recorded back in September 2015 before picking up again in the second half of 2016. All of these point at weakness in Hong Kong's residential property market, with both consumers and developers starting to stay away from the market for the time being.

Growing demand for private offices in Hong Kong

The completion of private offices has fluctuated significantly over the Review Period, growing by a CAGR of 1.5%, although year-on-year growth declined significantly for three consecutive years between 2012 and 2014, due to 2011 being a year where the number of completions of private offices were unusually high. In 2015, such completions soared more than 50% to reach 164,500.

Such growth in the construction of private offices has been driven by strong demand for commercial spaces and offices in Hong Kong, bolstered by strong economic growth and a sustained expansion in GDP output over the Review Period.

INDUSTRY OVERVIEW

	2011	2012	2013	2014	2015	CAGR (2011-2015)
Completion of private offices (m ²)	155,200	135,700	122,700	103,600	164,500	1.5%
Stock of private offices (m ²)	10,782,100	10,891,100	10,983,200	11,060,700	11,283,200	1.1%

(Source: Rating and Valuation Department)

Growing demand for retail premises in Hong Kong

Completions of retail premises and other premises for commercial use (exclude purpose-built offices) picked up from 2013 and the completion increased by 77.9% to 68,300 m² in 2015. The rating and valuation department has announced that completions are likely to increase to 125,900 m² in 2016.

	2011	2012	2013	2014	2015	CAGR (2011-2015)
Completions of retail premises and other premises for commercial use (exclude purpose-built offices, in m ²)	42,200	90,100	38,400	57,100	68,300	12.8%
Stock of retail premises and other premises for commercial use (exclude purpose-built offices, in m ²)	10,791,900	10,862,100	10,882,700	10,917,200	10,992,400	0.5%

(Source: Rating and Valuation Department)

FITTING-OUT, RENOVATION AND A&A WORKS IN HONG KONG

Market overview

Robust growth in customer expenditure on fitting-out, renovation works from 2011 to 2015

Customer expenditure on fitting-out and renovation work registered robust growth during the Review Period, with a CAGR of 19.7%. Growth was particularly strong in 2012, when customer expenditure on fitting-out more than doubled. One of the contributing factors was an increase in the number of commercial property completions. There were also a number of mixed developments and housing projects which started construction work before 2011 and completed in 2012, boosting the number of new buildings completed and the value of fitting-out works that year. Expenditure fell in 2013, from the abnormally high base in 2012 and due to a slight slowdown in the property market causing declines in both domestic private property and commercial property completions. However, expenditure on fitting-out picked up in 2014, as the residential property market saw a revival, with prices fuelled by tight demand-supply balance and the low interest rate environment. This growth carried on in 2015, as customer expenditure on fitting-out and renovation works grew by 24%. In general, the market trends of the fitting-out industry closely mirror the developments of the building works sector in the construction industry, with some years registering significant growths as property developers launch developments in waves.

INDUSTRY OVERVIEW

Economic growth and Government policies contributed to growth

Customer expenditure on A&A works also grew strongly over the same period, with a CAGR of 26.7%, supported by the overall positive economic performance and strong demand from home owners, office tenants, the retail industry and the hospitality industry.

Specifically, the Government's Mandatory Building Inspection Scheme ("MBIS") and the Mandatory Window Inspection Scheme ("MWIS") have given the industry a significant boost. Implemented on 30 June 2012, the MBIS and the MWIS are relevant for all commercial and residential buildings aged 30 years or above and 10 years or above, respectively, with the exception of domestic buildings not exceeding three storeys in height. The aim of MBIS and MWIS is to arrest the long-standing problem of buildings negligence in Hong Kong. Under the schemes, the Buildings Department selects 2,000 and 5,800 target buildings, on an annual basis, for the MBIS and the MWIS, respectively to conduct inspection and repairs. To help building owners comply with statutory requirements for inspection, the Government has also launched various financial assistance schemes. For instance, the Integrated Building Maintenance Assistance Scheme was integrated and enhanced in 2015 to encourage domestic property owners and owners of composite buildings to rehabilitate their buildings, through providing cash subsidies and interest-free loans to individual owners for rehabilitation to common areas of building and safety and hygiene repair works to individual units. This may also have had an impact on encouraging more tenders for such works.

Depending on the scale and nature of the works involved for fitting-out, renovation and A&A works, contract cost has a wide range from HK\$10,000 onwards.

Fitting-out and renovation works and A&A works in Hong Kong (2011-2020)

Customer expenditure (HK\$ million)	2011	2012	2013	2014	2015	2016F	2017F	2018F	2019F	2020F
On fitting-out and renovation works	15,273.0	24,963.1	20,301.4	25,304.9	31,324.9	32,016.9	32,799.7	33,793.6	34,804.2	36,010.9
On A & A works	2,285.1	3,537.4	4,611.9	4,722.5	5,893.9	6,176.8	6,393.0	6,540.0	6,677.4	6,764.2

(Source: Euromonitor estimates from desk research, trade surveys and trade interviews)

BUSINESS MODEL AND OPERATIONAL COSTS

Typical business model of fitting-out, renovation works and A&A works service providers

The business model of contractors within the fitting-out and renovation works and A&A works service industry depends on the contractor's place within the value chain. Some contractors are focused on delivering turnkey solutions and usually have a project management team to engage specialist contractors further down the value chain to deliver individual components of the fitting-out or renovation works. The project team manages the cost, time and quality of projects through the arrangement of specialist contractors and material and equipment procurement. The revenue of such contractors from a project is mainly derived from contracting fee, while main costs include subcontracting costs, staff costs of in-house project management team, cost of raw materials and other supplies required for the performance of the work.

INDUSTRY OVERVIEW

On the other hand, further down the value chain, some contractors focus on specific areas of fitting-out, renovation works and A&A works. These contractors are generally smaller in scale, in terms of both revenue and staff count and are usually subcontracted to fulfil a specialised portion of the project, such as installation of electrical systems, carpentry or plumbing works, etc.

Rising labour cost a key challenge for the industry

Labour costs rose steadily during the historic period due to tight construction manpower supply. Over the Review Period, median monthly wages for the construction industry rose by a CAGR of 7.1%. Shortage of skilled labour, coupled with strong demand for work, is another key factor for rising labour costs. The industry faces severe labour shortage due to an ageing workforce and the younger generation's unwillingness to join the construction industry. Although the Government has implemented the Enhanced Construction Manpower Training Scheme to attract manpower through providing a training allowance, such efforts are unlikely to suffice. Hence, the Government rolled out further measures to enhance the Supplementary Labour Scheme in April 2014, which involves plans to relax the rules on importing foreign labour to keep rising manpower costs in check. However, this policy has been met with strong opposition from trade unions and construction labour activists to safeguard the interests of local workers. As a result, the problem of labour shortage and rising labour costs is unlikely to abate in the near future.

Labour cost, historic (2011-2015)

In HK\$	2011	2012	2013	2014	2015	CAGR (2011-2015)
Median monthly wages for the construction industry	15,200	16,100	17,600	18,300	20,000	7.1%

(Source: Census and Statistics Department of Hong Kong)

Cost of raw materials remains relatively stable

Overall cost of raw materials was relatively stable during the historic period and is expected to remain so over 2016-2020. In the fitting-out, renovation works and A&A works industry, a wide range of materials is used, including glazed ceramic wall tiles, hardwood, paint and portland cement. Trade sources have also agreed that general raw material costs did not register significant increase and the cost of some raw materials have even declined during the historic period. This is consistent with the construction materials index published by the Civil Engineering and Development Department, where materials index stood at 747.0 in January 2011 and fell to 683.1 in December 2015.

INDUSTRY OVERVIEW

The following table shows the trend of major raw material prices during the Review Period.

In HK\$	2011	2012	2013	2014	2015	CAGR (2011-2015)
Average wholesale prices of building materials						
Glazed ceramic wall tiles – white tiles (HK\$/100 pieces)	202	232	243	233	233	3.6%
Glazed ceramic wall tiles – coloured tiles (HK\$/100 pieces)	334	391	398	401	443	7.3%
Hardwood (HK\$/cubic metre)	5,470	5,654	5,519	5,707	5,707	1.1%
Paint – Emulsion (HK\$/litre)	45	51	52	52	53	4.2%
Portland cement (ordinary) (HK\$/tonne)	677	699	698	729	738	2.2%

(Source: Census and Statistics Department)

MARKET OUTLOOK

Forecast customer expenditure expected to grow marginally

The growth in customer expenditure on fitting-out, renovation and A&A works is expected to slow down during the 2016 through 2020 forecast period. This is in line with the anticipated slowdown in the Hong Kong economy as investor sentiments remain dented by concerns over the uncertainties associated with the US interest rate and the uncertain global economic outlook. The falling property prices and lower demand for property investments may also lead to less building activities and subsequently, a lower expenditure.

Although businesses are likely to reduce expenditure in view of the economic uncertainties, the impact on the industry will be cushioned by the MBIS and other various renovation support schemes. The MBIS will continue to ensure that building owners of private buildings aged 30 years or above engage contractors to carry out essential renovation and maintenance works so that they may pass the Buildings Department's inspections.

Multiple challenges and opportunities ahead in the medium term

In the medium term, there are also expected to be a number of challenges and opportunities for the fitting-out, renovation and A&A works industry. Shortage of skilled labour will remain a key challenge for industry players, in light of the sustained and keen demand for construction activities and the ageing workforce. Companies will likely incur higher labour costs as construction workers demand higher wages. A shortage of workers may also limit contractors' ability to take on more projects. Another potential challenge for companies would be the changing regulatory environment. In particular, there may be more onerous regulations governing the conduct of renovation works, as industry groups have been calling for a regulatory authority to be set up to oversee overall business practices.

INDUSTRY OVERVIEW

On the other hand, the main opportunities for the fitting-out, renovation and A&A works industry will stem from the planned increase in public housing projects, renovation opportunities for buildings above 30 years old and the upside potential of economic growth resulting in more renovation demand from the growth of businesses leasing commercial properties.

Government to increase the supply of public and private housing

As the number of households is growing at a faster rate than that of the population, the Government is seen placing more efforts to increase land supply for housing. In 2016, the Government pledged to build 97,100 public housing units in the next five years, 20,000 more units than her previous estimate.

The supply of private housing units is also expected to increase as the Government announced an estimated 87,000 private housing units will be built in the next three to four years. The Rating and Valuation Department has forecasted that over 18,200 private housing units will be completed by the end of 2016. This represents an increase of 61.3% from 2015 where 11,280 units were built.

The Government's stronger commitment to tackle the housing supply-demand imbalance is likely to benefit the demand of fitting -out and renovation works in the coming years.

COMPETITIVE LANDSCAPE

Fragmented industry characterised by many contractors specialising in different areas

Contractors are required to register with the Building Authority before they are allowed to carry out building works and street works. There are three contractors' registers kept by the Building Authority – General Building Contractors' register, the Specialist Contractors' register and the Minor Works Contractors' register. In general, registered general building contractors are able to perform a wider variety of works including that of the minor works contractors and some of the specialist contractors.

The industry is fragmented with a large number of players. According to Buildings Department Registry, there are 703 Registered General Building Contractors and approximately 10,000 Registered Minor Contractors for A&A works under Type A minor works, which includes support structure for air-conditioner, removal of architectural projections, canopies, drying racks and protective barriers and a range of other, in Hong Kong, as of December 2016.

On the other hand, the market share of players within the renovation and A&A works industry is more evenly distributed among mid-sized to small players. Furthermore, as the fitting-out, renovation and A&A works industry covers a wide range of work requiring different skills, most of the players tend to offer only services in a specialised area. For example, some contractors focus on just fitting-out toilets, fire prevention systems, glass and windows or pipes. Such players are usually relatively smaller in terms of revenue and headcount and constitute the bulk of the industry.

The industry is highly competitive with the players typically competing on price. The quality of work is another factor that is important, especially for high-end developments, such as the fitting-out of luxury apartments or offices for leading international brands. On the other hand, for large-scale construction projects, the range of services that the contractor

INDUSTRY OVERVIEW

is able to provide is a key consideration. Customers may prefer contractors who are able to coordinate the full range of construction services, eliminating the need to negotiate and deal with multiple subcontractors and possibly shortening the project timeframe.

Low barriers to entry in the fitting-out, renovation and A&A works industry, but harder for high value projects

Barriers to entry in the industry are low because new players can enter the industry without much experience, capital or industry specific qualifications and licenses; since any work requiring specific licenses, such as A&A works, can be subcontracted to contractors holding the required licenses. Smaller companies tend to take on lower-value, less complicated or specialised projects or work on small-scale renovation projects for domestic property units.

For higher value fitting-out, renovation and A&A works projects, including fitting-out, and renovation for retail premises of luxury goods and high-end fashion, industry reputation and relationship with property developers and main contractors are potential barriers to entry. For such projects, a proven track record is important because customers want to ensure the quality of work and work safety. Contractors which have established positive relationships with major developers are more likely to win contracts from them, as they are more likely to be invited to submit a tender or provide a quotation, while new entrants have to rely on public information to source for projects. In some instances, property developers may also have a list of pre-qualified contractors from which they choose from. As a result, new players may find it hard to win high value contracts initially due to the lack of a proven track record and relationship with developers.

OUR GROUP

Based on data provided by our Group and Euromonitor International's market estimates, our Group had 0.3% market share in fitting-out and renovation works and 0.7% market share in A&A market in Hong Kong in 2015. Due to the lack of sufficient publicly accessible information, the ranking and respective market share of key market players in the fitting-out, renovation and A&A works industry were not available in the Euromonitor Report.

REGULATORY OVERVIEW

This section sets out summaries of the relevant laws and regulations which are required for our business and operations in Hong Kong.

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

Industrial undertakings, which include construction work, are subject to the Factories and Industrial Undertakings Ordinance, and any person or body corporate having the management or control of the business carried on in an industrial undertaking, including a body corporate, is required to comply with the Factories and Industrial Undertakings Ordinance and provide for the safety and health protection to workers in the industrial undertaking.

Under the Factories and Industrial Undertakings Ordinance, it is the duty of a proprietor of an industrial undertaking (namely the person or body corporate having the management or control of the business carried in an industrial undertaking) to ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by it at the industrial undertaking. The duties of a proprietor include: (i) providing and maintaining plant and work systems that do not endanger safety or health; (ii) making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances; (iii) providing all necessary information, instructions, training and supervision for ensuring safety and health; (iv) providing and maintaining safe access to and egress from the workplaces; and (v) providing and maintaining a safe and healthy working environment.

A proprietor who contravenes any of these requirements wilfully and without reasonable excuse commits an offence and could be held liable to a fine of HK\$500,000 and to imprisonment for 6 months. Our Group may be considered to fall within the meaning of proprietor under the Factories and Industrial Undertakings Ordinance due to our operations encompassing the management or control of industrial undertakings for the time being of our projects, and as such any breach of our duties under the Factories and Industrial Undertakings Ordinance may constitute an offence and result in our Group being liable to a fine of HK\$500,000.

Further, as our project management team is responsible for the on-site supervision and inspection works of our projects, the members of our project management team are required to carry with their persons valid Green Cards or an equivalent document in accordance with the Factories and Industrial Undertakings Ordinance while carrying out such on-site supervision and inspection works.

Pursuant to Section 6BA of the Factories and Industrial Undertakings Ordinance, persons employed by industrial undertakings engaging in construction work must attend a relevant safety training course recognised under the Factories and Industrial Undertakings Ordinance and be issued a Green Card for attendance of such safety training course. On and after the appointed day, as defined in the Factories and Industrial Undertakings Ordinance, it shall be the duty of every relevant person employed at an industrial undertaking engaging in construction work who has been issued a relevant Green Card which has not expired to, among other things, carry with his person the Green Card or an equivalent document while

REGULATORY OVERVIEW

at work at the undertaking, and it is the duty of every proprietor of an industrial undertaking engaging in construction work not to employ at the undertaking a relevant person who has not been issued a relevant Green Card or whose relevant Green Card has expired. A Green Card shall expire between 1 to 3 years after the day on which the certificate was issued.

Any proprietor who contravenes Section 6BA commits an offence and is liable to a fine of HK\$50,000. However, it shall be a defence for an offence contrary to Section 6BA for the proprietor to show that it believed, and that it was reasonable for it to believe, that the relevant person to whom the offence relates had been issued with a relevant Green Card and that it had not expired.

We are also required to comply with subsidiary regulations of the Factories and Industrial Undertakings Ordinance such as the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong). The Construction Sites (Safety) Regulations provides for, among others, (i) the prohibition of employment of persons under 18 years of age on construction sites (save for certain exceptions); (ii) maintenance and operation of construction plants (including any plant, equipment, gear, machinery, apparatus, or appliance, or any part thereof) used or intended to be used for the purpose of construction work; (iii) the duty of a contractor responsible for a construction site to ensure the safety of the place of construction work; (iv) the duty of a contractor responsible for a construction site to take adequate steps to prevent falls; (v) provision of first aid facilities; and (vi) other miscellaneous safety requirements.

Rules arising from the Construction Sites (Safety) Regulations carry different levels of penalty and any person who contravenes or fails to comply with a rule under the Construction Sites (Safety) Regulations commits an offence and may be liable to a fine corresponding to that rule. A contractor found guilty of an offence could be held liable to a fine of up to HK\$200,000 and imprisonment up to 12 months.

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

As our operations involve industrial workplaces such as construction sites and our workers may be exposed to injuries whilst carrying out construction work, our Group is subject to the Occupational Safety and Health Ordinance. Our project management team is also responsible for providing safety and health protection to employees in workplaces, both industrial and non-industrial in accordance with the Occupational Safety and Health Ordinance.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by: (i) providing and maintaining plant and work systems that do not endanger safety or health; (ii) making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances; (iii) providing all necessary information, instruction, training, and supervision for ensuring safety and health; (iv) providing and maintaining safe access to and egress from the workplaces; and (v) providing and maintaining a safe and healthy work environment.

REGULATORY OVERVIEW

Failure to comply with the above provisions constitutes an offence of which the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months.

The Commissioner for Labour may also issue improvement notices against non-compliance of this Ordinance or the Factories and Industrial Undertakings Ordinance or suspension notice against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000 respectively and imprisonment of up to 12 months.

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

Our Group has leased a property and is considered to be the occupier of such property under the Occupiers Liability Ordinance. As such, we are required to comply with the Occupiers Liability Ordinance, which regulates the obligations of a person or business occupying or having control of the premises on which injury resulting to persons or damage has been caused to goods or other property lawfully on the premises.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of a premises to take such care so as to ensure that any person will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

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

The Public Health and Municipal Services Ordinance regulates, among other things, activities that are carried out in Hong Kong that may be considered a nuisance or injurious or dangerous to health, including construction works.

Under the Public Health and Municipal Services Ordinance, the Environmental Protection Department may cause a nuisance notice to be served on any contractor of construction works if, for example, any premises has been found to be in such a state as to be a nuisance or injurious or dangerous to health, or if the emission of dust from any building under construction or demolition has been found to be in such a manner as to be a nuisance. The nuisance notice shall require the person on whom the notice is served to do what is necessary for preventing the recurrence of the nuisance and, if the Environmental Protection Department thinks it desirable, specify any works to be executed for that purpose.

Any person by reason of whose act, default or sufferance the nuisance arose or continues, or, if that person cannot be found, the occupier or owner of the premises on which the nuisance exists, who does not observe and comply with the nuisance notice could be held liable, where the premises is found to be in such a state as to be a nuisance and injurious to health, or where the emission of dust from any building under construction or demolition is found to be in such a manner so as to be a nuisance, to a fine of up to HK\$10,000 and a daily fine of HK\$200.

REGULATORY OVERVIEW

Additionally, any accumulation of water on any premises found to contain mosquito larvae or pupae is actionable under the Public Health and Municipal Services Ordinance, with a maximum penalty of HK\$25,000 upon conviction and a daily fine of HK\$450. Any accumulation of refuse which is a nuisance or injurious to health is actionable under the Public Health and Municipal Services Ordinance, with a maximum penalty of HK\$10,000 upon conviction and a daily fine of HK\$200.

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

The nature of our business operations creates solid and chemical waste, and as a construction waste producer we are subject to the Waste Disposal Ordinance.

Section 16B of the Waste Disposal Ordinance strictly prohibits depositing construction waste disposal on private lots, unless (i) the total area on which the construction waste has been deposited within the lot does not exceed 20 sq. m.; or (ii) the sole owner or all of the owners of the private lot has given valid permission for the depositing of construction waste on the private lot. Such permission must be in the specified form for permission for the depositing of construction waste on a private lot under Section 16C and must bear an acknowledgement by the Director of the Environmental Protection Department. The acknowledgement must be submitted at least 21 days before the intended date on which the depositing activity is to commence.

Any person who, except under and in accordance with an authorisation, does, causes or allows another person to do anything for which such authorisation is required, commits an offence and is liable to a fine of HK\$200,000 and to imprisonment for 6 months for the first offence, and to a fine of HK\$500,000 and to imprisonment for 2 years for a second or subsequent offence.

The Construction Waste Disposal Charging Scheme has been established by the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong), pursuant to which all construction waste to be disposed of in Government waste disposal facilities carry respective construction waste disposal charges. As a construction waste producer, we are required to, prior to using Government waste disposal facilities, pay applicable charges for such disposal. Construction waste is defined as any substance, matter or thing that is generated from construction work and abandoned, whether or not it has been processed or stockpiled before being abandoned.

For contracts with a value of HK\$1 million or above, we are required, as a main contractor who undertakes construction work under a particular contract, within 21 days of the award of the contract to establish a billing account with the Environmental Protection Department in respect of that particular contract and pay the prescribed charges for construction waste generated from works under that contract. For contracts with a value less than HK\$1 million, any person may establish the account and make arrangements for the disposal of construction waste.

REGULATORY OVERVIEW

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

The Air Pollution Control Ordinance and its subsidiary regulations regulate the emission of air pollutants and noxious odour from construction, industrial and commercial activities and other polluting sources in Hong Kong.

The Air Pollution Control Ordinance provides that the owner of any premises, which includes a contractor who has possession of a site for the purposes of construction work, used for the conduct of any process specified in the Air Pollution Control Ordinance shall use the best practicable means for preventing the emission of noxious or offensive emissions from such premises.

In addition, the Air Pollution Control Ordinance requires that building works involving asbestos must be conducted only by registered asbestos contractors and under the supervision of registered asbestos consultants. Any owner of premises which contain or may reasonably be suspected of containing asbestos containing material and/or who intends to carry out work which involves the use or handling of any asbestos containing material in the premises must engage a registered asbestos consultant to carry out an investigation, prepare an asbestos management plan and monitor the implementation of the asbestos management plan and hire a registered asbestos contractor to implement the asbestos management plan and carry out the work.

Any owner of premises who fails to appoint a registered asbestos consultant to carry out an investigation, prepare an asbestos management plan or monitor the implementation of the asbestos management plan commits an offence and is liable to a fine of HK\$200,000 and to a further fine of HK\$5,000 for each day during which it is proved that the offence has continued. Any owner of premises who fails to appoint a registered asbestos contractor to implement an asbestos abatement plan or carry out work commits an offence and is liable to a fine of HK\$200,000 and to imprisonment for 6 months and to a further fine of HK\$20,000 for each day during which it is proved that the offence has continued.

Under the Air Pollution Control (Construction Dust) Regulation, we are responsible, as a contractor for a construction site where notifiable work is proposed to be carried out, for giving notice to the Environmental Protection Department before the commencement of the work. Example of notifiable works include (i) site formation; (ii) reclamation; (iii) demolition of a building; (iv) construction of the foundation of a building; or (v) construction of the superstructure of a building.

It is the responsibility of the contractor for a construction site where a notifiable work is being carried out, to ensure that the work is carried out in accordance with the specified dust control requirements as under the Air Pollution Control (Construction Dust) Regulation. A contractor under the Air Pollution Control (Construction Dust) Regulation is defined as any person or firm engaged in carrying out construction work by way of trade or business, either on his own account or pursuant to a contract or arrangement entered into with another person or firm.

REGULATORY OVERVIEW

Any contractor who contravenes the notification requirement under the Air Pollution Control (Construction Dust) Regulation commits an offence and is liable on conviction to a fine of HK\$25,000 for the first offence and to a fine of HK\$50,000 for a second or subsequent offence. Any contractor who contravenes the dust control requirements under the Air Pollution Control (Construction Dust) Regulation commits an offence and is liable on conviction to a fine of HK\$50,000 for the first offence and to a fine of HK\$100,000 and to imprisonment for 3 months for a second or subsequent offence, and in addition, if the offence is continuing, to a fine of HK\$10,000 for each day during which the offence continues. However, notifiable works do not include certain types of construction works, such as renovation, maintenance and alteration work carried out entirely within the external walls and under the roof of a building, and do not require prior notification to the Environmental Protection Department before the commencement of the work or compliance with the specified dust control requirements.

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

The Noise Control Ordinance controls the noise from construction, industrial and commercial activities. As a contractor, our Group is required to comply with the Noise Control Ordinance in carrying out general construction works. For construction activities that are to be carried out during restricted hours, construction noise permits are required from the Environmental Protection Department in advance.

Under the Noise Control Ordinance, noisy construction work or the use powered mechanical equipment in populated areas are not permitted between 7 p.m. and 7 a.m. or at any time on general holidays, unless with a construction noise permit and the prior approval of the Noise Control Authority.

Any person who carries out noisy construction work without a construction noise permit commits an offence and shall be liable to a fine of HK\$100,000 on the first conviction and to a fine of HK\$200,000 on a second or subsequent conviction and in any case to a fine of HK\$20,000 for each day during which the offence continues.

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

In accordance with Section 32 of the Construction Industry Council Ordinance, a Construction Industry Levy at a rate of 0.5% is imposed in respect of all construction works or operations carried out in Hong Kong with a total value exceeding HK\$1 million.

Construction works include building works; construction, alteration, repair, maintenance, extension, demolition or dismantling of buildings or structures, power-lines, telecommunications apparatus or pipelines; supply and installation of fittings or equipment in any building or structures; supply and installation of fittings or equipment in any building or structures; external or internal cleaning of any buildings or structures; painting or decorating any external or internal surfaces or parts of any buildings or structures; and operations which form an integral part of, or are preparatory to any of the above operations.

REGULATORY OVERVIEW

Where the total value of our construction works under a contract exceeds HK\$1 million, our Group is responsible for paying the proportionate Construction Industry Levy to the Construction Industry Council.

Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)

The Buildings Ordinance regulates the planning, design and construction of buildings and associated works. It provides that before the commencement of any building works: (i) prior approval and consent from the Building Authority must be obtained; (ii) authorised persons, such as architects, engineers and surveyors registered under the Buildings Ordinance, must be appointed to coordinate the works, prepare and submit plans for the approval from the Building Authority; (iii) registered professionals must be appointed to design and supervise the works; and (iv) registered contractors must be appointed to carry out the works.

Section 14(1) of the Buildings Ordinance provides that no person shall commence or carry out any building works without having obtained such prior approval and consent from the Building Authority and such proper appointments. According to Section 41(3), building works (other than draining works, ground investigation in the scheduled areas, site formation works and minor works) in any building are exempt from the requirement for approval and consent from the Building Authority if the works do not involve the structure of the building.

If the building works are within the purview of Section 41(3), the works must further comply with the building standards specified in the relevant Building Regulations empowered under the Building Ordinance. The Buildings Ordinance further requires that any authorised person of the buildings works must be appointed by the ultimate beneficiary of the works, the employer of the works or the contractor.

The Buildings Ordinance also establishes, among others, a general building contractors' register, in which registered general building contractors ("RGBC") may carry out general building works and street works which are not designated by the Building Authority as a category of specialised works (including, demolition works, foundation works, ground investigation field works, site formation works and ventilation works) specifically designated for registered specialist contractors. A building owner is required to appoint an RGBC from the general building contractors' register corresponding to the category of building works to be carried out.

Under Section 8B(2) of the Buildings Ordinance, an applicant for registration as a general building contractor or specialist contractor must satisfy the Buildings Department on the following aspects: (i) if it is a corporation, the adequacy of its management structure; (ii) the appropriate experience and qualifications of its personnel; (iii) its ability to have access to plant and resources; and (iv) the ability of the person appointed to act for the applicant for the purposes of the Buildings Ordinance to understand building works and street works through relevant experience and a general knowledge of the basic statutory requirements.

REGULATORY OVERVIEW

Approved contractors of the Housing Authority

The Housing Authority prescribes its own requirements for approved contractors to tender for maintenance works of its projects. In order to tender for Housing Authority maintenance works, a contractor must be approved by the Housing Authority and included in either “Group M1” or “Group M2” under the category of “Building Work (Maintenance)” of the List of Building Contractors for Public Works as administered by the Housing Authority.

A contractor under the Building (Maintenance) category must possess ISO 9001, ISO 14001 and OHSAS 18001 certificates, must demonstrate a proven relevant record and is subject to management and on-site personnel requirements, stringent financial criteria and an annual assessment on its financial position. A Group M1 Contractor is eligible to tender for maintenance and improvement contracts with a value of HK\$50 million and for term maintenance and improvement contracts with an average annual expenditure of up to HK\$50 million. A Group M2 Contractor is eligible to tender for maintenance and improvement contracts of unlimited value.

Annual renewal of status as an approved contractor by the Housing Authority is subject to satisfactory compliance with the requirements stated in the “Specific Guidelines for Building Contractors” and the “Guide to Registration of Works Contractors and Property Management Services Providers” published by the Housing Authority and the payment of a renewal fee.

In our attempt to further diversify income source, we intend to apply for registration to be included in the “Group M1” of the List of Building Contractors for Public Works as administered by the Housing Authority under the category of “Building Work (Maintenance Work)” which will enable us to tender for maintenance and improvement contracts of the Housing Authority.

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

The Construction Workers Registration Ordinance provides for, among other things, the registration of construction workers and the regulation of construction workers personally carrying out construction work. Under the Construction Workers Registration Ordinance, a person shall not personally carry out on a construction site construction work unless the person is a registered construction worker of the Register of Construction Workers. Likewise, principal contractors, subcontractors, employers and/or controllers of the construction site are required to employ only registered construction workers.

Under the Construction Workers Registration Ordinance, a principal contractor is defined as the person who enters into a contract with another person (whether or not the principal contractor) to undertake all or any part of the construction work that the principal contractor has undertaken. Our Group is considered a principal contractor and/or controller of construction sites of our projects and is required to only employ registered construction workers to personally carry out construction works for our projects. Our Group may also engage subcontractors from time to time to perform our works, who in turn engage

REGULATORY OVERVIEW

construction workers and/or may also be considered principal contractors or controllers. As such, they may also be required to only employ registered construction workers to personally carry out sub-contracted construction works for our projects.

Any person who employs a person who is not a registered construction worker to personally carry out construction work on a construction site shall be guilty of an offence and shall be liable on conviction to a maximum fine of HK\$50,000.

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

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

Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Chapter 360 of the Laws of Hong Kong)

The Pneumoconiosis and Mesothelioma (Compensation) Ordinance establishes the Pneumoconiosis Compensation Fund, which consists of monies received from the government and the relevant levies, surcharges and penalties received from contractors in relation to pneumoconiosis and mesothelioma. The Pneumoconiosis Compensation Fund is administered by the Pneumoconiosis Compensation Fund Board, a statutory body responsible for assessing and collecting the imposed levies and compensating persons suffering from pneumoconiosis and/or mesothelioma and/or family members of persons who died of pneumoconiosis and/or mesothelioma.

Under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance, we are required to pay a levy for any construction operations carried out by us in Hong Kong with a total value exceeding HK\$1 million, at a rate of 0.15% of the total value of the construction operations concerned.

REGULATORY OVERVIEW

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

As a principal contractor, we are liable under the Employment Ordinance to pay wages of employees who are employed by our subcontractors or nominated subcontractors. If any wages become due to an employee who is employed by our subcontractor on any work which the subcontractor has contracted by us to perform, and such wages are not paid within the specified period, such wages shall be payable by us and/or every superior subcontractor jointly and severally.

However, our liability as principal contractor shall be limited to (i) wages of an employee whose employment relates wholly to the work which we have contracted the subcontractor to perform and whose place of employment is wholly on the site of the building work; and (ii) wages due to such an employee for 2 months (i.e. the first 2 months of the period in respect of which the wages are due). Moreover, we (and superior subcontractor, where applicable) shall not be liable to pay any wages to the employee of our subcontractor if that employee fails to serve a notice in writing on us within 60 days after the wage due date.

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

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

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

According to Section 15 of the Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour (as defined under the Occupational Safety and Health Ordinance) of a work accident by submitting a Form 2 within 14 days for general work accidents or within 7 days for fatal accidents. The employer must submit a Form 2 irrespective of whether the accident gives rise to any liability for the employer to pay compensation. If the occurrence of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such periods of 7 and 14 days respectively, the Form 2 must be submitted not later than 7 and 14 days respectively, as the case may be, after the occurrence of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

REGULATORY OVERVIEW

Additionally, pursuant to Section 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to the employees of its subcontractors who are injured in accidents arising out of and in the course of employment with the subcontractor. However, a principal contractor is entitled to be indemnified for such compensation by any person who would have been liable to pay compensation to the injured employee.

Under Section 40 of the Employees' Compensation Ordinance, all employers, including contractors and sub-contractors, are required to take out insurance policies to cover their liabilities in respect of injuries of all their employees.

Where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount not less than HK\$200 million per event to cover its liability and that of its subcontractor(s) under the Employees' Compensation Ordinance and at common law. Where a principal contractor has taken out a policy of insurance under Section 40(1B) of the Employees' Compensation Ordinance, the principal contractor and a subcontractor insured under the policy shall be regarded as having complied with the relevant requirements of the Employees' Compensation Ordinance. As a principal subcontractor, our Group's liability in respect of the claims from employees of our Group and our Group's subcontractors arising out of and in the course of their employment will be covered by the insurance policy taken out by our Group. An employer who fails to secure an insurance cover shall be liable on conviction to a fine of HK\$100,000 and to imprisonment for 2 years.

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

As a principal or main contractor who has control over or is in charge of the construction sites of our projects, we are considered a construction site controller under the Immigration Ordinance and are required to comply with its provisions against employing illegal immigrants and/or persons otherwise not lawfully employable for our construction works.

Pursuant to Section 38A of the Immigration Ordinance, a construction site controller should prevent (i) illegal immigrants from being on the construction site; and (ii) persons who are not lawfully employable, as defined under the Immigration Ordinance, from taking employment on the construction site.

Any construction site controller who contravenes Section 38A of the Immigration Ordinance may be held liable upon conviction of a fine of HK\$350,000. However, it is a defence in proceedings for an offence under Section 38A of the Immigration Ordinance for the construction site controller to prove that it took all practicable steps to prevent illegal immigrants from being on the construction site and/or persons who are not lawfully employable from taking employment on the construction site.

REGULATORY OVERVIEW

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

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$32.5 per hour) during the wage period for every employee engaged under a contract of employment (as defined under the Employment Ordinance). Under the Minimum Wage Ordinance, any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

The proposed Security of Payment Legislation for the construction industry (“SOPL”)

The Development Bureau of the Government is currently consulting on the SOPL to improve payment terms and payment delays, encourage rapid dispute resolution and increase cash flow of operators in the construction industry.

The proposed SOPL will:

- prohibit “pay when paid” or “pay when certified” clauses or otherwise unfair payment terms that would violate parties’ rights in contracts. Payers will not be able to rely on such clauses in dispute resolution forums;
- prohibit payment periods of more than 60 calendar days for interim payments or 120 calendar days for final payments;
- enable amounts due for construction work or materials or plant suppliers to be claimed as statutory payment claims, upon receipt of which the payer has 30 calendar days to serve a payment response, and either party has a statutory right to refer the matter to adjudication for decision (typically a 60 day process); and
- give parties who have not been paid amounts admitted as due the right to suspend works until payment is made.

All contracts and sub-contracts for (i) Government works, under which the Government and specified public entities procure construction and maintenance activities or related services, materials or plant; and (ii) private sector works, under which private entities procure construction activities for new buildings (as defined in the Buildings Ordinance) with a main contract value of over HK\$5 million or procure related services, material or plant or supply-only contracts with a contract value of over HK\$500,000, will be governed by the SOPL. Where the main contract is covered by the proposed SOPL, all subcontracts (irrespective of tier) will be covered by the SOPL regardless of value.

During the Track Record Period, our Group has not involved in projects that would have been covered by the SOPL if SOPL were in place. As discussed in the section headed “Business – Business strategies – Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong” in this prospectus, we intend to apply for registration to be included in the “Group M1” of the List of Building Contractors administered by the Housing Authority under the category of “Building Maintenance” which will enable us to tender for maintenance and improvement contracts with the Housing Authority. Our Directors

REGULATORY OVERVIEW

believe that the proposed SOPL will be applicable to our contracts with the Housing Authority as well as the relevant subcontracts and purchase contracts we enter into with our subcontractors and suppliers, respectively. Our Directors will assess the impact of SOPL when tendering for the relevant contracts after we are registered to be included in the “Group M1” of the Housing Authority List of Building Contractors and the SOPL becomes effective.

HISTORY, DEVELOPMENT AND REORGANISATION

THE CORPORATE HISTORY

Our Company was incorporated in the Cayman Islands on 11 February 2016 and, as part of the Reorganisation, became the holding company of our Group with its business being conducted through two operating subsidiaries, Ample Construction and Ample Design.

Our history can be traced back to 2005 when Mr. Lam and Mr. Cheung started to provide construction services through Ample Construction. Since then, Ample Construction gradually gathered industry experience and built up reputation and track record and it was able to extend its services. In March 2007, Ms. Wong, our executive Director and chairman of our Board, joined our Group and contributed to its strategic planning, management and business development. To capture a wider range of business opportunities, Ample Design was set up as our another arm of operation of our Group in November 2007 to capture interior design related business. Ample Design has then received a number of awards.

Under the leadership and efforts of Mr. Lam, Ms. Wong, Mr. Cheung and other members of the management, we have become a reputable main contractor of interior fitting-out and renovation services and A&A works for residential, industrial and commercial properties in Hong Kong with proven track records. During the Track Record Period, our Group has completed over 74 fitting-out and renovation projects and 132 A&A projects. In addition, our Group is capable of providing quality interior design services to our clients who are planning for fitting-out and renovation.

IMPORTANT BUSINESS MILESTONES

The following illustrates certain key milestone and achievements in the business development of our Group:

Year	Event
2005	Ample Construction commenced its operation of providing construction services in Hong Kong
2006	Ample Construction was registered as the Registered General Building Contractor with the Building Authority Ample Construction was accredited with the ISO 9001:2008 quality management system standard
2007	Ample Design was established
2008	Ample Design commenced its operation of providing interior design services in Hong Kong
2011	Ample Construction expanded its business to provide fitting-out and renovation services in Hong Kong and was awarded its first fitting-out and renovation contract for a store at ifc mall in Central

HISTORY, DEVELOPMENT AND REORGANISATION

Year	Event
2012	Ample Construction was accredited with the ISO 14001:2004 environmental management system standard and the OHSAS 18001:2007 management system standard
2013	Ample Construction undertook its first façade, interior fitting-out and renovation works project for a retail store Ample Construction was awarded its first A&A works contract with a contract value above HK\$10 million
2014	Ample Construction was awarded its first fitting-out and renovation project for a department store with fitting-out area over 50,000 sq. ft. Ample Construction was awarded a large-sized building façade work for a department store

OUR GROUP

Our Company has a number of direct and indirect subsidiaries incorporated in the BVI and Hong Kong. Details of the members of our Group and their respective corporate history are set out below.

OUR COMPANY

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 11 February 2016 with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares at a par value of HK\$0.01 each. On 11 February 2016, one fully-paid Share was allotted and issued to the initial subscriber, which was subsequently transferred to Summer Unicorn on 11 February 2016 at nil consideration. On 11 February 2016, Heavenly White subscribed for one fully-paid Share, resulting in Heavenly White and Summer Unicorn holding one and one fully-paid Share, representing 50% and 50% of the issued share capital of our Company, respectively, at the relevant time.

As part of the Reorganisation, on 20 December 2016, our Company further allotted and issued 9,999 and 9,999 Shares, credited as fully-paid, to Heavenly White and Summer Unicorn, respectively, in consideration for the acquisition of the entire issued share capital of Thrive Tide from Heavenly White and Summer Unicorn. Immediately following the above share allotments, our Company was owned as to 50% and 50% by Heavenly White and Summer Unicorn, respectively.

On 23 December 2016, our Company resolved to increase its authorised share capital from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 Shares, each ranking pari-passu with our Shares then in issue in all respects.

HISTORY, DEVELOPMENT AND REORGANISATION

Immediately after completion of the Reorganisation, our Company became the holding company of our Group with its business being conducted through its principal operating subsidiaries, namely Ample Construction and Ample Design.

OUR SUBSIDIARIES

Ample Construction

Ample Construction was incorporated in Hong Kong with limited liability under the former name Surplus Construction Company Limited (盈信建築有限公司) on 8 July 2002 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. On 8 July 2002, 5,000 and 5,000 shares of Ample Construction were allotted and issued to Mr. Cheung and Mr. Lam, respectively. On 27 October 2004, Ample Construction changed its name to Ample Construction Company Limited (盈信建築有限公司).

On 13 March 2007, Ample Construction allotted and issued 495,000 fully-paid shares to each of Mr. Lam and Ms. Wong, resulting in Mr. Cheung, Ms. Wong and Mr. Lam holding 0.5%, 49.5% and 50% of the issued share capital of Ample Construction, respectively. As a family arrangement, Mr. Cheung transferred 5,000 shares of Ample Construction to Ms. Wong at a nominal consideration of HK\$1 on 15 March 2007, resulting in each of Mr. Lam and Ms. Wong holding 50% of the issued share capital of Ample Construction.

On 29 October 2009, as part of internal reorganisation, Mr. Lam and Ms. Wong transferred 500,000 and 490,000 shares of Ample Construction to Ample Group at a nominal consideration of HK\$1 and HK\$1, respectively. On the same date, Ms. Wong transferred 10,000 shares of Ample Construction to Mr. Cheung at a nominal consideration of HK\$1, resulting in Ample Group and Mr. Cheung holding 99% and 1% of the issued share capital of Ample Construction, respectively. On 14 August 2012, Ample Group transferred 10,000 shares of Ample Construction to Mr. Lam at a nominal consideration of HK\$1, resulting in Ample Group, Mr. Cheung and Mr. Lam holding 98%, 1% and 1% of the issued share capital of Ample Construction, respectively. Upon completion of the above transfers, the shareholding structure of Ample Construction was as follows:

Name of shareholder	No. of shares held	shareholding %
Ample Group (<i>note</i>)	980,000	98
Mr. Cheung	10,000	1
Mr. Lam	10,000	1
Total	<u>1,000,000</u>	<u>100</u>

Note: Ample Group was an investment holding company and was owned as to 50% and 50% by Mr. Cheung and Mr. Lam, respectively.

HISTORY, DEVELOPMENT AND REORGANISATION

As part of the Reorganisation, on 29 March 2016, Ample Group, Mr. Cheung and Mr. Lam together transferred the entire issued share capital of Ample Construction to Thrive Tide, in consideration of which Thrive Tide allotted and issued 50 and 50 shares in Thrive Tide, credited as fully-paid, to Heavenly White and Summer Unicorn, respectively. As a result, Thrive Tide became the sole shareholder of Ample Construction.

Ample Design

Ample Design was incorporated in Hong Kong with limited liability on 9 November 2007 with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each. On 9 November 2007, 5,000 and 5,000 shares of Ample Design were allotted and issued to Mr. Cheung and Mr. Lam, respectively.

With the aim to develop our Group's interior design business, on 26 October 2010, Mr. Cheung and Mr. Lam each transferred 1,500 shares of Ample Design to Mr. Lau Chin Ki, an interior designer engaged by us at that time as an incentive to develop our interior design business, at a nominal consideration of HK\$2 in total, resulting in Mr. Cheung, Mr. Lam and Mr. Lau Chin Ki holding 35%, 35% and 30% of the issued share capital of Ample Design, respectively.

In preparation for the Listing and as part of the Reorganisation, Mr. Cheung and Mr. Lam expressed their intention to consolidate the shareholding interest of Ample Design and acquire all the shares of Ample Design held by Mr. Lau Chin Ki. Mr. Lau Chin Ki was fully informed about the plan of the Listing and confirmed that he had no disagreement with the transfer of the shares of Ample Design to Thrive Tide after taking into consideration that (i) the net liabilities position of Ample Design; (ii) Ample Design was loss making for the year ended 31 March 2015; and (iii) he had obtained those shares at nominal consideration and it is considered fair to return them at nominal consideration as Ample Design was still in a net liabilities position. On 29 March 2016, Mr. Cheung, Mr. Lam and Mr. Lau Chin Ki transferred 3,500, 3,500 and 3,000 shares of Ample Design (together representing its entire issued share capital) to Thrive Tide at a consideration of HK\$5, HK\$5 and HK\$5, respectively. The considerations were determined with reference to the net liabilities position of Ample Design. As at 31 March 2016, Ample Design's net liabilities amounted to approximately HK\$441,000. As a result, Thrive Tide became the sole shareholder of Ample Design. Save as disclosed in this prospectus, each of Mr. Lam, Mr. Cheung and Mr. Lau Chin Ki has no other arrangement with each other concerning the Shares, the shares of Ample Design, our Group and the Listing.

Thrive Tide

Thrive Tide was incorporated in the BVI with limited liability on 4 January 2016 with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1. On 14 January 2016, 50 and 50 fully-paid shares of Thrive Tide, together representing the entire issued share capital of Thrive Tide at the relevant time, were allotted and issued to Heavenly White and Summer Unicorn, respectively.

HISTORY, DEVELOPMENT AND REORGANISATION

As part of the Reorganisation, on 29 March 2016, Thrive Tide allotted and issued 50 and 50 shares, credited as fully-paid, to Heavenly White and Summer Unicorn, respectively, in consideration of the transfer of the entire issued share capital of Ample Construction from Ample Group, Mr. Cheung and Mr. Lam to Thrive Tide.

As part of the Reorganisation, on 20 December 2016, Heavenly White and Summer Unicorn transferred the entire issued share capital of Thrive Tide to our Company, in consideration of which our Company allotted and issued 9,999 and 9,999 Shares, credited as fully-paid, to Heavenly White and Summer Unicorn, respectively.

Thrive Tide is an investment holding company and had not conducted any business activity as at the Latest Practicable Date.

REORGANISATION

1. Incorporation of Thrive Tide

On 4 January 2016, Thrive Tide was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1 each. On 14 January 2016, 50 and 50 fully-paid shares of Thrive Tide, together representing the entire issued share capital of Thrive Tide at the relevant time, were allotted and issued at par to Heavenly White and Summer Unicorn, respectively.

2. Incorporation of our Company

On 11 February 2016, our Company was incorporated in the Cayman Islands with limited liability and with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. One fully-paid Share was allotted and issued to the initial subscriber, which was subsequently transferred to Summer Unicorn on 11 February 2016 at nil consideration. On 11 February 2016, Heavenly White subscribed for one fully-paid Share, resulting in each of Heavenly White and Summer Unicorn holding one fully-paid Share. Immediately following the aforesaid subscription, each of Heavenly White and Summer Unicorn held 50% of the issued share capital of our Company at the relevant time.

3. Acquisition of Ample Construction and Ample Design

On 29 March 2016, Thrive Tide acquired the entire issued share capital of Ample Construction from Mr. Cheung, Mr. Lam and Ample Group, in consideration of which Thrive Tide allotted and issued 50 and 50 shares in Thrive Tide, credited as fully-paid, to Heavenly White and Summer Unicorn, respectively.

On 29 March 2016, Thrive Tide acquired the entire issued share capital of Ample Design from Mr. Cheung, Mr. Lam and Mr. Lau Chin Ki at an aggregate consideration of HK\$15, HK\$5 of which was paid to each of Mr. Cheung, Mr. Lam and Mr. Lau Chin Ki.

HISTORY, DEVELOPMENT AND REORGANISATION

4. Acquisition of Thrive Tide

On 20 December 2016, our Company acquired the entire issued share capital of Thrive Tide from Heavenly White and Summer Unicorn, in consideration of which our Company allotted and issued 9,999 and 9,999 Shares, credited as fully-paid, to Heavenly White and Summer Unicorn, respectively.

5. Capitalisation Issue and Placing

On 23 December 2016, our Company resolved to increase its authorised share capital from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 Shares of HK\$0.01 each in order to be positioned to allot and issue (i) 839,980,000 Shares to the existing shareholders of our Company, being 419,990,000 and 419,990,000 Shares to Heavenly White and Summer Unicorn, respectively; and (ii) 280,000,000 Shares to the Placing.

Our Company will offer 280,000,000 Placing Shares under the Placing comprising 280,000,000 new Shares for subscription by professional, institutional or other investors, representing a total of 25% of the enlarged issued share capital of our Company upon Listing.

EXCLUDED BUSINESS

Pursuant to the Reorganisation, Ample Disegno and Chengdu Yingxin are not included in our Group. Set out below are the details of Ample Disegno and Chengdu Yingxin.

Ample Disegno

Ample Disegno was incorporated in Macau on 29 November 2012 with limited liability and is owned as to 50% and 50% by Mr. Cheung and Mr. Lam, respectively. It has a paid-up capital of MOP25,000 (approximately HK\$24,000). Its principal business is to provide interior design and fitting-out services to customers in Macau. According to its management accounts, Ample Disegno recorded nil profit for the years ended 31 December 2014 and 2015, respectively. Having considered that (i) the business of our Group and Ample Disegno are geographically delineated; (ii) Ample Disegno recorded nil profit in 2014 and 2015; (iii) Ample Disegno did not carry out business since January 2015; and (iv) Mr. Lam and Mr. Cheung have arranged to wind up Ample Disegno on a voluntary basis, Ample Disegno is not included in our Group pursuant to the Reorganisation.

As confirmed by MdME, our legal adviser as to Macau law, Ample Disegno has been in compliance with all the applicable laws and regulations in relation to its business operations in Macau since its incorporation.

HISTORY, DEVELOPMENT AND REORGANISATION

Chengdu Yingxin

Chengdu Yingxin was established in the PRC on 29 November 2010 with limited liability and is owned as to 50% and 50% by Mr. Lam and Mr. Cheung, respectively. It has a registered capital of RMB500,000 (approximately HK\$580,000). Its principal business is to provide interior design and fitting-out services to customers in Chengdu, PRC. Having considered that (i) the business of our Group and Chengdu Yingxin are geographically delineated; (ii) Chengdu Yingxin has its own operational management staff independent of our Group in relation to its core business operations (iii) Chengdu Yingxin recorded nil profit in 2014 and 2015; and (iv) that it has not provided any services and recorded any revenue, Chengdu Yingxin is not included in our Group pursuant to the Reorganisation.

As confirmed by Shu Jin Law Firm, our legal adviser as to PRC law, Chengdu Yingxin has been in compliance with all the applicable laws and regulations in relation to its business operations in the PRC during the Track Record Period.

Our Directors confirmed that our Group would have been able to meet the minimum cash flow requirement under the Rule 11.12A(1) of the GEM Listing Rules if Ample Disegno and Chengdu Yingxin were included in our Group.

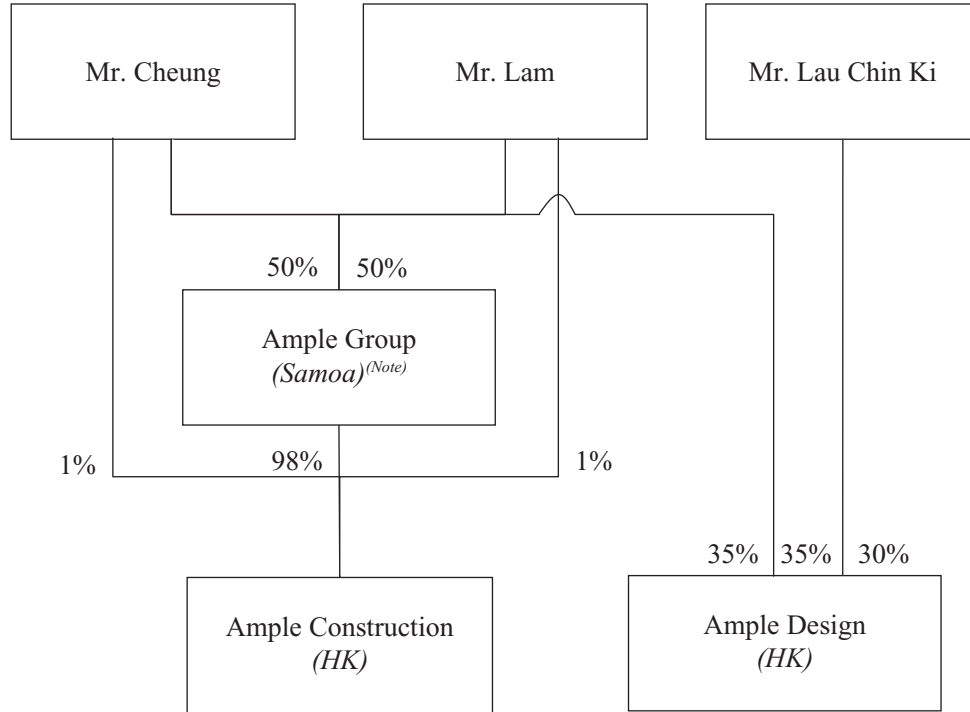
LOCK-UP UNDERTAKINGS

Each of our Controlling Shareholders, namely Mr. Cheung, Mr. Lam, Heavenly White and Summer Unicorn, has undertaken to our Company and/or the Stock Exchange that, it/he will not, at any time during the 24-month period following the Listing Date (the first 12 months of which is given to our Company and the Stock Exchange and is required under Rule 13.16A of the GEM Listing Rule while the second 12 months of which is given to our Company voluntarily by the Controlling Shareholders and can only be waived by majority of our Company's independent shareholders), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, he/it would cease to be a Controlling Shareholder. Please refer to the paragraphs headed "Relationship with Controlling Shareholders – Voluntary lock-up undertaking by our Controlling Shareholders" and "Underwriting – Underwriting arrangement and expenses – Undertakings in favour of our Company pursuant to the deed of lock-up undertaking – Voluntary lock-up undertaking by our Controlling Shareholders" in this prospectus for further details.

HISTORY, DEVELOPMENT AND REORGANISATION

THE CORPORATE STRUCTURE OF OUR GROUP

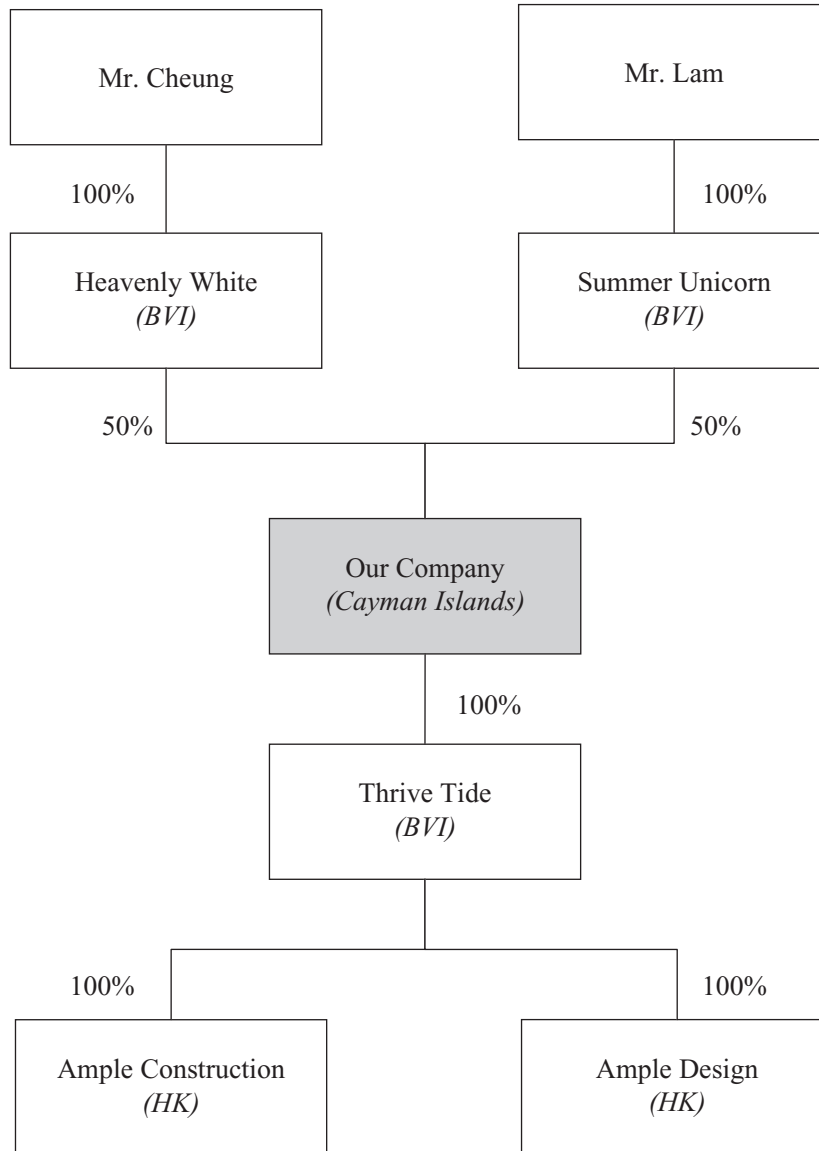
Set out below is the corporate structure of our Group immediately before the Reorganisation:



Note: Ample Group is an investment holding company owned as to 50% and 50% by Mr. Cheung and Mr. Lam, respectively. During the Track Record Period and as at the Latest Practicable Date, Ample Group had not conducted any business activity.

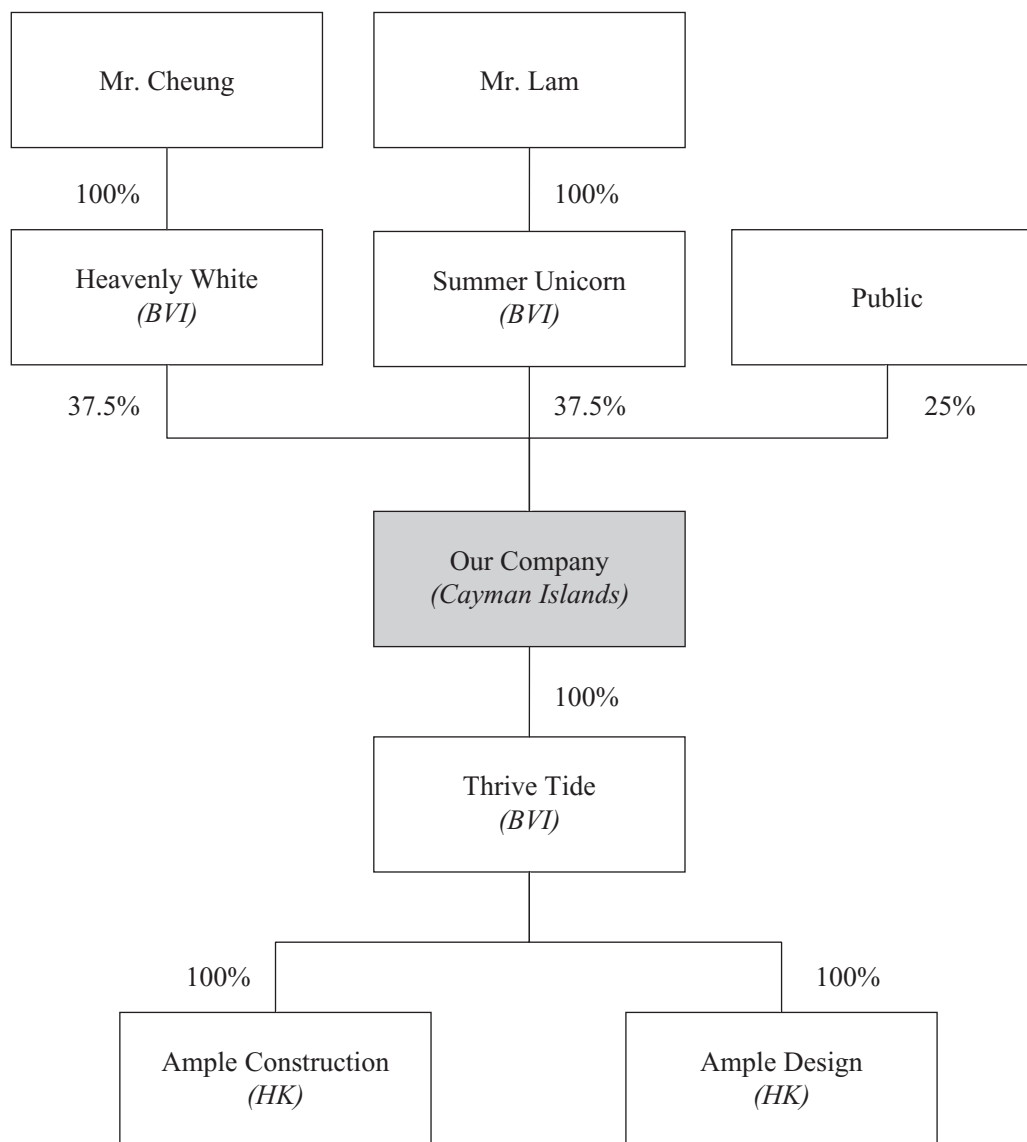
HISTORY, DEVELOPMENT AND REORGANISATION

After completion of the Reorganisation, our Company became the holding company of our Group. The following diagram sets out the corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Placing:



HISTORY, DEVELOPMENT AND REORGANISATION

The following diagram sets out the corporate structure of our Group immediately after completion of the Capitalisation Issue and the Placing (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme):



BUSINESS

OVERVIEW

We are a main contractor capable of (i) interior fitting-out and renovation services; and (ii) A&A works for residential, industrial and commercial properties in Hong Kong. We have been running our business since 2005 and gained extensive experience and reputation in the industry. Ample Construction, our principal operating subsidiary for the contracting businesses, has been registered as the Registered General Building Contractor under the Building Authority since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance.

Our fitting-out and renovation services mainly include interior fitting-out and renovation works for shops and offices in commercial and industrial properties and residential premises. For A&A works, our scope of works during the Track Record Period was generally structural alterations, structural steel, signage works, building maintenance, refurbishment works and ground improvement.

Ample Design, our design department, provides interior design services to clients planning for fitting-out and renovation and derived a small portion of revenue to our Group during the Track Record Period. The following table summarises our revenue breakdown:

By type of services:

	For the year ended 31 March				For the three months ended 30 June 2016	
	2015		2016		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Fitting-out and renovation services	98,247	73.3	94,644	67.3	19,607	64.8
A&A works (<i>Note</i>)	32,697	24.4	39,130	27.8	8,667	28.7
Interior design services	<u>3,103</u>	<u>2.3</u>	<u>6,945</u>	<u>4.9</u>	<u>1,978</u>	<u>6.5</u>
Total	<u>134,047</u>	<u>100.0</u>	<u>140,719</u>	<u>100.0</u>	<u>30,252</u>	<u>100.0</u>

Note: Revenue of our A&A works during the Track Record Period included two contracts relating to the site formation and construction of small houses in the New Territories which are categorised as A&A works and were commenced in the year ended 31 March 2014 and completed in the year ended 31 March 2016. Revenue recognised for these projects amounted to approximately HK\$11,149,000, HK\$1,450,000 and HK\$nil for the years ended 31 March 2015, 2016 and three months ended 30 June 2016, respectively.

BUSINESS

By type of properties:

	For the year ended				For the three	
	31 March				months ended	
	2015		2016		30 June	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Residential	24,061	17.9	23,761	16.9	11,984	39.6
Commercial and industrial	<u>109,986</u>	<u>82.1</u>	<u>116,958</u>	<u>83.1</u>	<u>18,268</u>	<u>60.4</u>
Total	<u>134,047</u>	<u>100.0</u>	<u>140,719</u>	<u>100.0</u>	<u>30,252</u>	<u>100.0</u>

We have secured our projects mainly by going through a competitive bidding process, whereby our Group either receives invitations for tender or requests for quotation. Our Directors believe that, among other matters, our quotations, track record and reputation are important factors to be considered by our customers, which primarily are companies setting up new offices or retail stores or altering existing ones and occupants of residential properties.

During the course of providing services, we outsource works to our materials suppliers and subcontractors for better resource allocation, and we act as a main contractor for the coordination of materials, subcontractors, our customers and other relevant parties. We have designated personnel in our project management team for the supervision of our subcontractors to ensure their works meet our quality requirements.

According to the Euromonitor Report, the industry in which our Group operates is fragmented with a large number of players and is highly competitive on price. Nevertheless, as potential barriers to entry for higher value fitting-out, renovation works and A&A works projects are industry reputation and relationship with property developers and main contractors, our Directors consider that our established track record coupled with our proposed listing status will strengthen our competitiveness and enhance our reputation and our Directors are optimistic about our business outlook.

COMPETITIVE STRENGTHS

Our Directors believe that the mastery of the following competitive strengths has set our Group apart from our competitors, which also becomes the key to our business growth:

Established reputation and proven track record

We commenced our business in 2005. Since then, we actively undertook fitting-out business. Since 2006, we were registered as the Registered General Building Contractor with the Building Authority which enables us to carry out general building works and street works under the Buildings Ordinance, including A&A works we undertake. The scale of our projects grew larger and our scope of work expanded over the years. We have completed

BUSINESS

around 235 fitting-out, renovation and A&A projects during the Track Record Period and up to the Latest Practicable Date. We have established a reputation in providing quality workmanship and fitting-out solutions to our customers in a cost-efficient and responsive manner. Our Directors believe that our ability to understand clients' needs, complete projects on time and deliver our works up to the standard will strengthen their confidence in our Group which in turn would refer future business opportunities to us and enhance our reputation in the industry.

We also maintain good relationship with architect firms or project management consultants which are often engaged by our end clients to manage and supervise the fitting-out, renovation or A&A projects and keep short-listed firms of contractors to bid for projects. In doing so, we use our endeavours to carry out our works professionally, such as replying to queries promptly and co-operating with the architect firms or project management consultants in their desired work programme. We believe the accumulation of successful experience with them has gained their trust and thus warrants their subsequent referral of projects to us.

Possession of an experienced management team

Our management team has extensive industry knowledge and project management experience in fitting-out, renovation and A&A works. Ms. Wong, our executive Director and chairman of our Board, has been managing our Group's administration, business development and operation since 2007. Mr. Lam, our executive Director and chief executive officer, has over 20 years of relevant experience. Our members of the senior management team, namely Mr. Cheung, Mr. Cheung Ho and Mr. Poon Yau Cheung, being our project director, project manager and project manager, respectively, have around 14 to 17 years of industry experience. As at the Latest Practicable Date, the majority of our senior management team has received either tertiary education or above or professional qualifications such as member of the Chartered Institute of Building, Chartered Builder and member of the Hong Kong Institute of Construction Managers. Further details of the qualification and experience of our Directors are set out in the section headed "Directors and Senior Management" in this prospectus. Their qualification and experience facilitate us to estimate project costs precisely, which subsequently allow us to provide a competitive tender price, carry out our project works effectively and efficiently, implement our labour resources timely, deliver our work with high quality and communicate with our clients and subcontractors and suppliers productively. Our Directors believe that the combination of our management and technical teams' collective expertise and knowledge of the industry, together with our highly qualified employees, have been and will continue to be our Group's valuable assets.

Versatile contractor capable of fitting-out, renovation and A&A works and interior design

Our Directors believe that, unlike most other fitting-out outfits which only focus on single line fitting-out and renovation business, with our status of Registered General Building Contractor registered with the Building Authority, we stand out by being able to carry out building works and street works under the Buildings Ordinance, including the A&A works that we are permitted to provide as well. The provision of fitting-out and

BUSINESS

renovation services and building works together not only diversifies our income source, but also promotes convenience to our customers. We are capable of providing fitting-out, renovation and A&A works concurrently and thus save our customers' time as they do not need to engage separate contractors to carry out their work individually. Our Directors are further of the view that synergy can be generated in this way as overall project management cost is reduced and hence a more competitive tender can be offered to our clients. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, we were engaged by 12, 15 and 10 customers which required both fitting-out and renovation/A&A works and revenue recognised from these customers amounted to approximately HK\$101,389,000, HK\$83,152,000 and HK\$14,433,000, representing 75.6%, 59.1% and 47.7% of our total revenue, respectively.

In addition to the above, we have a dedicated design team which has produced a number of award-winning interior design solutions to our customers. Please refer to the paragraph headed "Awards and accreditation" in this section. We further believe that such awards and recognitions will allow us to develop our corporate brand and promote our fitting-out, renovation and A&A services.

Stable relationship with our suppliers and subcontractors

As a main contractor for fitting-out, renovation and A&A works, we have relied on suppliers and subcontractors to supply materials and achieve cost efficiency and thus maximise our profitability. Therefore, we consider that a stable relationship with our suppliers and subcontractors in our business is a key to continuous success. We have established long-term and good business relationship with our major suppliers and subcontractors. Our five largest suppliers (including subcontractors) (in terms of direct costs) during the Track Record Period have maintained business relationship with us for a period ranging from 1 to 9 years. Through our past dealings with our suppliers and subcontractors, we have acquired sufficient appreciation of their expertise and strengths for maintaining our internal list of approved suppliers (including subcontractors) that are able to meet our quality and safety standards and hence eligible for taking up our projects.

BUSINESS STRATEGIES

Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong

As our business has been growing over the recent years and our project size is becoming bigger since the founding of our Group, we aim to seek out opportunities in large scale fitting-out, renovation and A&A projects in Hong Kong. Our Directors believe that we are well positioned to undertake projects involving fitting-out and renovation and/or A&A elements, as we are a Registered General Building Contractor and have a track record for carrying out fitting-out and renovation works for large corporate clients. Considering that (i) projects of larger scale often set higher criteria, select contractors with better financial strength and impose more conditions; and (ii) it is a common requirement for the contractor to take out surety bonds amounting to a certain percentage of the contract sum, our Directors believe these requirements effectively eliminate contractors with less financial resources, improve our chance of being awarded the project and enable us to set a higher

BUSINESS

project profit margin. Therefore, we intend to build a stronger financial position by utilising the net proceeds arising from the Placing and exploring lines of credit from banks such that we are able to satisfy the amount of bank deposits necessary for the issuance of surety bonds as required by our clients.

In our attempt to further diversify income source, we intend to apply for registration to be included in the “Group M1” of the List of Building Contractors administered by the Housing Authority under the category of “Building (Maintenance)” which will enable us to tender for maintenance and improvement contracts of the Housing Authority, which we believe our experience in A&A works is relevant. Our Directors, after preliminary internal assessment with reference to guidelines published by the Housing Authority, consider that our Group would be eligible to be included in the “Group M1” of the List of Building Contractors. According to such guidelines, in order to be admitted and retained on the List of Building Contractors, the contractor needs to fulfill specified criteria, including (i) statutory registration; (ii) ethical integrity; (iii) possession of quality management policy and system of recognised standards, including as applicable ISO 9001, ISO 14001 and OHSAS 18001; (iv) appropriate proven work record; (v) sound financial background and satisfactory capital requirements; (vi) possession of adequate full-time managerial, supervisory and operational staff; and (vii) possession of policies and practices to ensure safe and healthy working conditions. As at the Latest Practicable Date, our Group has submitted admission application to the Housing Authority and is in the process of submission of outstanding information or clarifications. Our Group commits to submit all the required information or clarifications within the financial year ending 31 March 2017. According to the relevant guidelines of the Housing Authority, after receipt of the complete information, the processing of the application will normally be completed within three months’ time.

Our Directors understand that public residential housing under the Housing Authority aims at serving the basic functional needs that would require less sophisticated or spectacular requirements as generally encountered in the private residential, commercial and industrial fitting-out and renovation projects and A&A projects. Accordingly, our Directors expect that profit margin from projects of the Housing Authority will be generally lower than those of our Group’s projects completed during the Track Record Period and on hand. Nevertheless, taking into account (i) the limited number of approved contractors listed under “Group M1” and “Group M2”; (ii) the number of open tender by the Housing Authority historically; and (iii) the generally larger contract sums of the Housing Authority’s projects, our Directors believe that the application will enable our Group to capture business opportunities and additional income stream, and the expected larger project sums of the Housing Authority’s projects will enhance our Group’s overall profitability. On the other hand, our Directors expect that our Group’s financial position will not be materially affected for our Group to be included in the “Group M1” of the Housing Authority List of Building Contractors.

Having said the above, we intend to maintain our existing project pipeline of smaller scale fitting-out, renovation and A&A projects so as to achieve enlarged market share. Thus, we will also need to recruit more experienced staff to enhance our capacity. Please refer to the paragraph headed “Expand our manpower for project execution and strengthen the skills of our staff” below.

BUSINESS

Uplift our efforts in developing and promoting our interior design and fitting-out business

During the Track Record Period, a majority of the business of our design department rested on offering interior design services, where fitting-out and renovation works were not rendered by our Group but by other fitting-out contractor.

According to the Euromonitor Report, the Hong Kong's population has been growing at a CAGR of 0.9% while number of domestic households growing at a CAGR of 1.2% during 2011 to 2015. The growth in domestic households has been faster than overall population growth bodes well for the residential fitting-out works and renovation industry. Our Directors further note the statistics from the Transport and Housing Bureau in July 2016 that some 93,000 units in the private primary housing market will be available in the coming three to four years. As such, our Directors consider that the private residential sector represents attractive growth driver and further efforts should be taken to capture the market opportunities. With reference to our maturing design department which has won a number of relevant awards, our Group will put in extra resources, including advertising, promotion and labour, in developing our business in residential, commercial and industrial markets, with primary focus on one-stop interior design and fitting-out services for luxury units which are more likely to have high consumption power and look for deluxe interior design and fitting-out works.

For our targeted residential interior design and fitting-out business, we plan to participate in more interior design competitions and relevant public exhibitions as an exhibitor. In addition, we intend to build a mock up unit for showcasing our original interior design idea, thoughtful choice of materials and furniture, and quality fitting-out workmanship. Our Directors expect our comprehensive business development efforts will enhance our corporate image which in turn will help bring in new business to our Group.

Expand our manpower for project execution and strengthen the skills of our staff

In anticipating our business growth, we plan to expand our workforce by hiring more professional and skilled staff. We will primarily focus on recruiting seasoned project management professionals who are able to supervise and manage fitting-out, renovation and A&A projects to reinforce our existing project team. Project directors, project or contract managers and site agents are our priority choice as our Directors expect they have the necessary experience and skills to manage new projects individually and certain roles are required for the application for registration to be included in the "Group M1" of the List of Building Contractors administered by the Housing Authority. Please refer to the paragraph headed "Operating procedures" in this section for the roles and responsibilities of our project directors and project managers. By expanding our project team, our Directors believe that our capacity is enlarged and set for undertaking a greater number of projects. We also intend to provide more training, both on-the-job and taught, to our staff relating to interior fitting-out and renovation, construction methodology, project management, healthy and safety and other decorative and operational skills so as to improve their morale, safety awareness, standard and quality of services. We will identify suitable training courses or education programme provided by approved institutions or organise regular trainings or seminars by ourselves.

BUSINESS

Strengthen our organisation structure and enhance our marketing resources

We have mainly relied on referral for our contracting and interior design business. We plan to set up a new department dedicated to business development. Such department is expected to consist of experienced personnel with solid background in business development of the industry. They will actively approach potential customers and build new network with architect firms or project management consultants with an aim to promoting our Group and opening previously untapped business.

Moreover, we plan to maintain a quantity surveying team to deal with our growing project size involving more complicated contracts, cost items and project budgeting. This team will be intended to alleviate the work load of our project management team, which currently handles all contract, suppliers and payment application matters. Our Directors consider that such quantity surveying team is necessary to support our continued business growth and complete our organisation structure. For our Directors' current expectation of our business growth, our Directors are of the view that the quantity surveying team will optimally consist of 1 quantity surveying manager, 1 quantity surveyor and 1 project assistant, who should possess relevant industry experience.

We also believe that other promotional means will be conducive to our exposure in the fitting-out, renovation and A&A works market, especially for target customers in the residential sector. We plan to renovate our website, design and create our corporate brochure and place advertisements in the internet and printed media with an aim of expanding our marketing coverage and promoting our brand recognition.

Implementation of business strategies

For details on the implementation of the aforementioned business strategies, please refer to the section headed "Business Objective and Use of Proceeds" in this prospectus.

As at the Latest Practicable Date, we have not identified any target for acquisition or had any acquisition plan.

OUR BUSINESS OPERATIONS

I. Fitting-out and renovation business

Our fitting-out and renovation business refers to our role as the main contractor for fitting-out and renovation works carried out for residential, industrial and commercial properties in Hong Kong. Our fitting-out and renovation works are performed in interior spaces of the property. Fitting-out and renovation works are generally required before a new office, store or other premises is put into operation for commercial and industrial properties and for residential properties before occupation. The scope of work is generally unique and varies project by project.

BUSINESS

Commercial and industrial properties

Our fitting-out and renovation works primarily include interior decorative works, which typically comprise electrical works, mechanical ventilation and air conditioning, partition works, ceiling works, wall finishes, carpentry works, steel and metal works, plastering and painting, fire services, plumbing and drainage, sanitary fittings, bricklayer works, roof waterproofing, wiring and network cabling, security system installation and other miscellaneous fitting-out and renovation works.

Residential properties

Our fitting-out and renovation works for residential properties mainly refer to interior decorative works for apartments or flats, which generally include stone and marble works, joinery works, suspended ceilings, plastering works, painting, installation of sanitary fittings and wares, electrical installation and fixing other furniture.

II. A&A works

We provide services for A&A works which mainly include structural alteration, structural steelwork, building maintenance, refurbishment, fabrication, façade works, modification, installation of hardware and equipment, removal of partitions, doors, construction of staircase, other works that improve the general condition of buildings and their facilities, other miscellaneous A&A and building construction works. The above services we offer include prescribed repair works for the buildings subject to the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme of the Government. A&A and building construction works normally require prior consent and approval from the Buildings Department. Our client or our Group separately appoints authorised person or registered structural engineer for preparing the submission to the Buildings Department and appoint us to carry out the works in accordance with the submission and the Buildings Ordinance. Our A&A works may also be works not involving structural works and hence do not require approval or consent from the Buildings Department. We discharge our duties as a main contractor. Our A&A works cover areas including department stores, hotels, residential properties and building façades.

III. Interior design

Ample Design, being our Company's operating subsidiary and interior design arm, provides interior design services which involve (i) providing suggestion on general theme and aesthetical aspects of the premises; (ii) creating original design proposals which comprise 2D and 3D drawings, materials and furniture solutions, ceiling, ventilation and electrical plans; and (iii) helping our clients to liaise with fitting-out, renovation and A&A service providers (which our Group may also participate in the tendering), manage and supervise the fitting-out, renovation and A&A project works to ensure the completed works comply with the design plans and meet specifications. As at the Latest Practicable Date, Ample Design has 13 outstanding contracts with customers.

BUSINESS

OUR FITTING-OUT, RENOVATION AND A&A PROJECT WORK PORTFOLIO

We have undertaken a number of sizeable fitting-out, renovation and A&A projects and have served many well-known customers. Our track record of handling large scale projects successfully has become the key to gaining customers' confidence and bringing in new businesses. During the Track Record Period, we completed a total of 74 fitting-out and renovation projects and 132 A&A projects, of which 51 were in the residential sector and 155 in commercial and industrial sector.

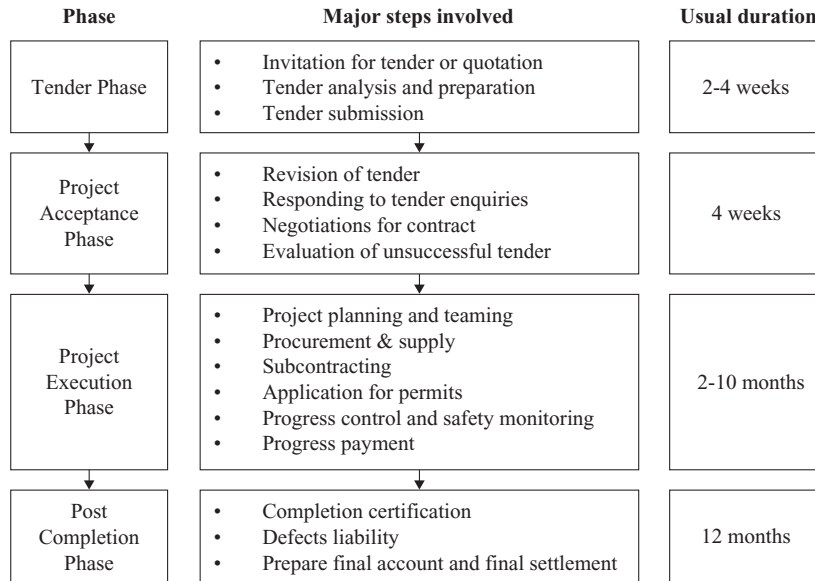
Number of projects completed	For the year ended		For the	From
	31 March	2016	three	1 July
	2015	2016	months	2016 to
			ended 30	the Latest
			June	Practicable
			2016	Date
Fitting-out and renovation works	20	33	21	13
A&A works (<i>Note</i>)	48	57	27	16
Total	68	90	48	29
Residential	22	17	12	11
Commercial and industrial	46	73	36	18
Total	68	90	48	29

Note: During the Track Record Period, we have been awarded and completed two contracts relating to the site formation and construction of small houses in the New Territories, which are categorised as A&A works.

As at the Latest Practicable Date, our Group has 14 fitting-out and renovation projects and 23 A&A projects on hand, of which 13 are residential projects and 24 are commercial and industrial projects.

OPERATING PROCEDURES

Our operating procedures in respect of fitting-out, renovation and A&A works principally involve identifying potential projects, sales and marketing, tender and project implementation. We have developed a comprehensive project management system in respect of our project works including tender preparation and submission, contract management, project management and supervision, and completion and handover. For illustrative purposes, the following flow chart summarises the usual workflow of a fitting-out, renovation or A&A project:



Note: Time frame above is for illustration purpose only and actual time frame of a given project may vary significantly due to the impact of various factors, such as the complexity of the project, customer's preference, process of negotiation, etc.

1. Tender phase

Invitation for tender or quotation, preparation and submission

As a usual practice, our customers (or agent appointed by the customers, which may be an architect firm or commercial real estate agents) invite us to submit a tender or provide a quotation for tendering for a potential fitting-out, renovation or A&A project. Our customers are mainly companies setting up new offices or retail stores in diverse industries and property developers in the commercial and industrial sector. We act as the main contractor for carrying out these projects from inception to completion. For residential projects, it is usually the interior designer who invites us to submit quotation for carrying out the interior fitting-out works or our customers approach us directly.

For preparation of a tender submission, we form a tender team which consists of our executive Directors, project directors and project managers. These personnel will examine the documents and drawings comprising the invitation to tender, analyse, assess and discuss the special requirements, specifications, anticipated difficulties such

BUSINESS

as workmanship, material procurement, timing and other necessary resources to ascertain the feasibility and the potential competition of the project. The tender team may also attend site visit to understand the site condition. Our tender documents for submission normally comprise (i) a bid price for the project; (ii) principal terms of the contract; (iii) a master programme; (iv) schedules of rates listing out the quantities and prices for the items of works; (v) a proposed project management team structure; (vi) if considered by us to be appropriate, alternative solutions, such as replacement materials; and (vii) job reference of our Group and résumés of our key project management team members.

Pricing of our quotations

For fitting-out, renovation and A&A projects, our pricing is determined basically on a cost-plus basis with emphasis on factors including (i) the cost of subcontractors; (ii) duration of the project; (iii) cost of the materials and furniture required for the fitting-out and renovation/A&A works; (iv) anticipated competition; (v) difficulties of the project; (vi) general economic condition which may affect client acceptability; and (vii) restrictions and special requirements, if any, imposed by the client and management office of the premises. Our Directors consider it important to estimate the project cost accurately, as most of our projects are lump sum contracts with fixed schedules of rates such that any unexpected subsequent adverse fluctuation in cost or budget overrun cannot be passed on to our customers and will be suffered by us which will result in minimising our project profit or even a loss. However, since our projects normally commenced shortly after we finalised the contracts with our customers and did not last for long period during which we expected the quotations from our suppliers or subcontractors remain valid, our Directors confirm that our Group did not experience significant budget overrun due to adverse fluctuation in cost during the Track Record Period.

Quotations submitted during the Track Record Period

During the Track Record Period, most of our projects were obtained through a process of competitive bidding in which we believe our customers will also obtain tenders or quotations from other contractors. The following table sets out the number of project bids, number of successful project bids and our success rate during the Track Record Period:

	For the year ended		For the
	31 March		three
	2015	2016	months
			ended
			30 June
			2016
Number of project bids	656	632	304
Number of successful project bids	119	114	57
Success rate (%)	18.1%	18.0%	18.8%

The tender success rate for the year ended 31 March 2015 was 18.1%, which slightly decreased for the year ended 31 March 2016, which was 18.0%. The tender success rate for the three months ended 30 June 2016 was 18.8%. Before we submit tenders or quotations, our Directors evaluate our existing project work load, i.e. total contract sum and number of projects on hand. When we consider that our project team is already engaged in some projects but still has capacity, our Directors would apply a higher profit margin in the quotation. If there is excess, workload, our Group may not submit tender or quotation at all. For the year ended 31 March 2016, as we were engaged in some fitting-out and A&A projects with substantial project sum, we reduced our participation in tendering and hence number of projects bids decreased from 656 for the year ended 31 March 2015 to 632 for the year ended 31 March 2016. For the three months ended 30 June 2016, as we completed some projects with our major customer, we actively bid for projects and were awarded 57 projects and yielded similar level of success rate as for the years ended 31 March 2015 and 2016. Since we are frequently invited for submitting tenders or quotations, our Directors consider that we can swiftly adjust our tendering strategy to improve our competitiveness to fill our project pipeline.

2. Project acceptance phase

Project acceptance

After we have submitted our tenders, our customer may issue tender queries to us for clarification of details or requesting for additional information. We may also be asked to attend interviews arranged by our customer. When our customer decides to engage us, we will normally be informed by way of a letter of award or our acceptance is confirmed by counter-signing our quotation. Where applicable, we may then negotiate for and enter into a formal engagement agreement with the customer if we take the offer.

Evaluation of unsuccessful tenders

If we are not chosen for a particular bid, our tender team will ascertain from the customer the reasons for choosing others. Evaluation meetings are regularly convened to discuss such failed bids with an aim to identifying our weaknesses and brainstorming improvement methods. This exercise has also provided our Group with insight into the latest market competition.

3. Project execution phase

Project execution and customer acceptance

Once our engagement is confirmed, we will commence the implementation of the project by (i) forming a project team; (ii) negotiating and finalising agreements with our suppliers and subcontractors and arranging with them for carrying out the works and delivering the required materials for the project; and (iii) if necessary, applying for licenses or permits from relevant Government departments and/or property management office.

Forming a project team

Depending on the scale and complexity of the project, our project team generally holds one or some of the following key roles: project director, project manager, project coordinator, project assistant, site supervisors and safety officer. Our executive Directors will decide the size of the project team in consideration of the particular project requirements, closely monitor the progress of the project on a continuous basis and evaluate whether addition or removal of project team members will be appropriate. Our project team will oversee the project on site and report to our executive Directors on the project status and identify issues that need attention or to be resolved from time to time.

The following describe the general duties performed by the key roles of our project team:

Project director

Our project director is mainly responsible for communicating with other members of the project team on the project status, reviewing the progress report and liaising with customers, suppliers and subcontractors. The project director plays a key management and supervisory role in keeping a project on track. Our project director also provides guidance on dealing with technical issues and considers instructions from our customers. On an ongoing basis, our project director reports directly to our executive Directors for the project he or she oversees. Our project director also chairs weekly meetings which all our staff meet to discuss progress and share experience.

Project manager

Our project managers closely monitor project progress. They prepare and keep the master construction programme, assign subcontractors and order construction materials with respect to the programme. They keep suppliers and subcontractors informed when the respective supplier or subcontractor needs to provide its services or the deadline for ordering the particular material for timely delivery. Project managers are also responsible for the preparation of payment application, which has to be approved by a project director, to our customers. Our project managers report directly to our project directors.

Project coordinator

Our project coordinators are assigned to assist project managers to carry out their duties. In the early stage of a project, they help to maintain the list of suppliers and subcontractors involved. Once it proceeds to a later stage, they will focus more on inspecting the works done by subcontractors, understanding the progress and ensuring contract requirements being fulfilled.

BUSINESS

Project assistant

Sometimes as required in larger scale projects, our project assistant may be assigned in these projects and is mainly responsible for handling submissions and the paper work involved in a project, including the maintenance of registers of drawings and documents.

Site supervisor

Our site supervisors are highly experienced personnel with at least 30 years of experience and are assigned on site full-time for supervising and ensuring suppliers and subcontractors to carry out works in accordance with specifications and design drawings. They also provide guidance and standard of workmanship to suppliers and subcontractors.

Safety officer

Our safety officer is responsible for advising site management on safety issues and prevention of injury and accident. The safety officer will conduct safety walk to inspect the safety condition of different project sites. Regular safety trainings are conducted by safety officer for workers to keep them aware of the importance of working safe. The safety officer will also prepare the necessary safety equipment required for different types of work. The safety officer is also required to keep proper safety records and handle matters related to injuries at work.

The above roles in the project team can take charge in any or both fitting-out and renovation and A&A works projects.

Work programme and resource arrangement

Prior to commencement of a project, our project director works in tandem with our project team members, suppliers and subcontractors with a view to understanding project requirements, contract specifications, drawings and work sequences, contract period, physical constraints and difficulties, statutory requirement for environmental protection, safety planning and labour deployment. Our project managers prepare work programme in accordance with the completion time requirement of the contract.

Procurement of materials

Instead of producing the required materials and furniture for our fitting-out and renovation services and A&A works, we procure them from our suppliers. Our projects require various types of materials, which generally include lighting, furniture, coatings, finishes, electrical equipment, metalware, windows, kitchenware, timber products, tiles, wallpaper, carpet, paints, glass, and other materials and equipment pursuant to the contracts. Proposed materials, together with mock-ups or samples, may be required for submissions and approval by our customer before we order. Unless otherwise requested or nominated by our customer, we select our materials suppliers from our approved list

BUSINESS

of suppliers based on their past quality and performance and their capability to comply with the specified product requirements. Only suppliers in such approved list are invited for quotation. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any difficulty in procuring the materials needed for our projects. Therefore, our Directors consider that we do not overly rely on any of our materials suppliers and we are able to engage alternative supplier if the originally selected supplier fails to deliver.

It is not uncommon that some customers may nominate their preferred suppliers for some particular materials or furniture, which may or may not be in our approved suppliers list. We will liaise and make appropriate arrangement with them for the delivery of their materials for the completion of the works.

Our materials, when purchased, are delivered by the suppliers to the project site directly and as the materials are procured on a project-by-project basis in accordance with our customer's requirements, we rely on the project drawings to estimate the quantities of the materials. To avoid damage, we designate our project coordinator to receive, inspect and properly keep the materials. We do not retain any leftover materials as inventory, because they are normally not re-usable in a different project.

For details of our suppliers, please refer to the paragraph headed "Suppliers" in this section below.

Negotiating on and/or finalising the subcontracting arrangement

As a main contractor of fitting-out, renovation and A&A projects, we act as the project manager and subcontract different parts of our works to various subcontractors, depending on their expertise, capability and resource availability. Under normal circumstances, we approach our subcontractors for quotations during preparation of tender or quotation so as to accurately estimate costs. We maintain a list of approved suppliers from which we can select our subcontractors. Once we are awarded the contract, we will then contact these subcontractors to confirm the terms and conditions. Our customers generally will consent our way of subcontracting. It is also a common industry practice whereby our customer nominates its subcontractor, which may or may not be in our list of approved suppliers, for one or more trades in a project. For details on our subcontracting, please refer to the paragraph headed "Suppliers" below in this section.

Customer inspection and acceptance

In the course of our projects, our customer or its agents will inspect our work done periodically to ensure materials, goods and workmanship so far comply with the standards stipulated in the contract and approve the commencement of next stage. We are required to assist our customers on such inspection and facilitate them to issue sectional completion, if any, or issue of interim payment certificates.

Progress payment

Depending on the scale of the contract and results of negotiation with our customer, our provision of works and services are usually paid in either one of the two methods: (1) monthly payment; or (2) milestone payment. The monthly payment method is more often adopted in large projects with long duration while the milestone payment method is generally adopted in small and short-term projects.

For the monthly payment method, based on the activities carried out and quantities of materials delivered on site in the preceding month, we will submit to our customer monthly payment application, which generally includes the price of materials and goods and value of works. Once our customer is satisfied with our payment application, they will issue to us an interim payment certificate and make payment to us according to the credit term stated in the contract. They will usually retain up to 10% of each interim payment as retention money for the project. Such retention money is usually limited to a ceiling, which is normally 5% of the contract sum, and the full amount of the retention money will be released upon expiration of the defects liability period, which in general is up to 12 months following practical completion.

For the milestone payment method, we normally agree certain typical milestones of the project, such as delivery of furniture, completion of electrical wiring and plumbing works and practical completion of the project, and will receive a certain percentage of the total contract sum upon achieving such milestone.

4. Post completion phase

Preparation of final account

When our works have been completed to the satisfaction of our customers upon their inspection, customarily pursuant to our agreement, a practical completion certificate will be issued to us confirming the completion of the project. We will then prepare the final account with our customer, and this normally takes into account the sum of amounts which were previously certified and the remaining contract sum (with subsequent variations or changes) and the retention money, if any. The final sum will be paid to us accordingly.

Defects liability period and release of retention money

Subject to the requirements of different projects, we may provide a defects liability period of up to 12 months from the date of completion. During which, we shall be responsible for any remedial works arising from the defective works or materials used. Generally, retention money is withheld by our customer or around 5% of the total project sum is retained upon satisfactory completion of the project. The retention money will then be fully released after the defects liability period ends.

Retention money is normally not applicable for residential fitting-out and renovation projects, but we may be held responsible for rectifying defective works within an agreed period after the handover of the premises. Once we are notified of the

BUSINESS

defects by the client, we will assign the responsible subcontractor to make good the defects. It is also part of our business to provide reinstatement work as after-sales services. It is agreed between our suppliers and subcontractors and us that the defects liability under the contract with our customer applies to our suppliers and subcontractors.

Duration of our projects

The duration of our fitting-out, renovation and A&A projects are affected by a number of factors, including scale, complexity, expectation of customers, availability of materials, and thus can vary widely. The expected project duration and completion time are usually provided in the contract.

OUR MAJOR FITTING-OUT, RENOVATION AND A&A PROJECTS

For each of the two years ended 31 March 2016 and the three months ended 30 June 2016, we completed 68, 90 and 48 projects (including fitting-out projects, renovation and A&A projects), respectively.

Major projects on hand

As at the Latest Practicable Date, we had 3 major projects each with a project sum exceeding HK\$5 million on hand (including projects in progress and projects which have not yet commenced), details of which are as follows:

No.	Location of project	Type of project	Expected completion date	Contract sum (Note) HK\$'000	Total revenue recognised during the Track Record Period HK\$'000	Revenue expected to be recognised after the Track Record Period HK\$'000
P961	Eastern District	Fitting-out, renovation and A&A works	February 2017	51,976	12,670	39,306
P1006	Kowloon City District	A&A works	February 2017	10,200	2,046	8,154
P1064	Eastern District	Fitting-out and renovation	March 2017	7,147	–	7,147

BUSINESS

Major completed projects

During the Track Record Period and up to the Latest Practicable Date, we completed the following major projects each with a project sum exceeding HK\$5 million:

No.	Location of project	Type of project	Project period (completion month)	Contract sum <i>HK\$'000</i>	Total revenue recognised during the Track Record Period <i>HK\$'000</i>
P749	Sha Tin District	A&A works	August 2013 - September 2014	10,171	2,930
P804	Central and Western District	Fitting-out and renovation	March 2014 - July 2014	7,118	5,765
P827	Eastern District	Fitting-out and renovation	April 2014 - August 2014	11,843	11,843
P852	Yau Tsim Mong District	Fitting-out and renovation	July 2014 - May 2015	37,098	20,316
P859	Yau Tsim Mong District	Fitting-out and renovation	August 2014 - August 2015	22,232	21,452
P863	Tung Chung	Building construction	August 2014 - September 2015	12,000	10,207
P871	Yau Tsim Mong District	Fitting-out and renovation	September 2014 - July 2015	84,202	40,089
P876	Yau Tsim Mong District	A&A works	September 2014 - April 2015	44,486	24,368
P914	Yau Tsim Mong District	Fitting-out and renovation	April 2015 - December 2015	32,732	28,773
P927	Kowloon City District	A&A works	June 2015 - June 2016	8,122	7,749
P966	Wan Chai District	Fitting-out and renovation	November 2015 - April 2016	19,651	19,651
P1021	Tuen Mun District	Fitting-out and renovation	May 2016 - September 2016	5,527	2,763
P1032	Tsuen Wan District	A&A works	September 2016 - November 2016	9,630	-

SEASONALITY

Our Directors consider that the business of our Group does not exhibit any significant seasonality effect.

BUSINESS

CUSTOMERS, SALES AND MARKETING

Our fitting-out, renovation and A&A projects are mainly awarded by way of tenders invited or quotations requested by our customers or their agents directly. The tender price of our projects is based on our estimated project costs plus a mark-up margin. Please also refer to the paragraph headed “Operating procedures – Pricing of our quotations” above for details of our pricing strategy.

For our interior design and project management projects, our customers are basically those who are planning for fitting-out and renovation services. We do not limit our interior design customers to engage our Group to carry out fitting-out works exclusively.

Major customers

For the two years ended 31 March 2016 and the three months ended 30 June 2016, the percentage of our Group’s aggregate turnover attributable to our Group’s largest customer was approximately 42.7%, 39.4% and 20.2%, respectively, while the percentage of our Group’s total turnover attributable to our five largest customers in aggregate was approximately 78.1%, 69.4% and 49.1%, respectively.

Set out below is a breakdown of turnover by major customers:

For the year ended 31 March 2015

Rank	Customer	Nature of work	Turnover <i>HK\$'000</i>	% total turnover for the year	Years of business relationship with our Group as at the Latest Practicable Date
1.	Customer A	Fitting-out, renovation and A&A	57,257	42.7%	2 years
2.	Tseng Brothers Investments Company, Limited	Fitting-out, renovation and A&A	14,183	10.6%	3 years
3.	Customer C	Fitting-out and renovation	14,012	10.5%	2 years
4.	Customer D	Building construction	11,149	8.3%	3 years
5.	Customer E	Fitting-out, renovation and A&A	8,057	6.0%	5 years
Total			<u>104,658</u>	<u>78.1%</u>	

BUSINESS

For the year ended 31 March 2016

Rank	Customer	Nature of work	Turnover <i>HK\$'000</i>	% total turnover for the year	Years of business relationship with our Group as at the Latest Practicable Date
1.	Customer A	Fitting-out, renovation and A&A	55,415	39.4%	2 years
2.	Customer F	Fitting-out, renovation	19,119	13.6%	1 year
3.	Tseng Brothers Investments Company, Limited	Fitting-out, renovation and A&A	8,812	6.3%	3 years
4.	Serene Court Owners' Incorporation	A&A	7,548	5.4%	1 year
5.	Customer H	Fitting-out, renovation and A&A	6,559	4.7%	1 year
Total			<u>97,453</u>	<u>69.4%</u>	

For the three months ended 30 June 2016

Rank	Customer	Nature of work	Turnover <i>HK\$'000</i>	% total turnover for the period	Years of business relationship with our Group as at the Latest Practicable Date
1.	Customer H	Fitting-out, renovation and A&A	6,111	20.2%	1 year
2.	Customer I	Fitting-out and renovation	2,763	9.1%	1 year
3.	Customer J	Fitting-out and renovation	2,098	6.9%	1 year
4.	Fung Wah Court Owners' Incorporation	A&A	2,046	6.8%	1 year
5.	Minden Apartments Owners' Incorporation	A&A	1,843	6.1%	1 year
Total			<u>14,861</u>	<u>49.1%</u>	

BUSINESS

Notes:

1. Customer A is an established and famous chain of department stores with emphasis of Chinese products based in Hong Kong.
2. Tseng Brothers Investments Company, Limited is a private company incorporated in Hong Kong in 1978 with limited liability and is engaged in property investment and development.
3. Customer C is the Hong Kong branch of a leading international real estate services company which offers capital markets, consulting, corporate occupier & investors, leasing, valuation and advisory services. Customer C engaged our Group on behalf of its customers and revenue were recognised from 8, 13 and 3 contracts for the year ended 31 March 2015 and 2016 and the three months ended 30 June 2016, respectively.
4. Customer D is a private company incorporated in Hong Kong in 2006 with limited liability and is engaged in property development. Customer D engaged us in one-off projects to construct small houses in a village in the New Territories during the Track Record Period.
5. Customer E is a Hong Kong branch of a worldwide contractor in engineering, project management, manufacturing and installation of architectural envelopes and interior systems. Customer E is an agent engaging our Group on behalf of its customers and revenue were recognised from 16, 16 and 1 contracts for the year ended 31 March 2015 and 2016 for the three months ended 30 June 2016, respectively.
6. Customer F is the Hong Kong branch of a leading multinational company with its most famous internet-related services and mobile operating system.
7. Customer H is a company incorporated in Hong Kong in 2012 with limited liability and is engaged in property development.
8. Customer I is an individual and engaged our Group for residential fitting-out and renovation services.
9. Customer J is an individual and engaged our Group for residential fitting-out and renovation services. Customer J was granted a credit period of 180 days, details of our credit policy and assessment for individuals are discussed in the sections headed “Business – Customers, sales and marketing – Principal terms of general contracts entered between our Group and the customers” and “Financial Information – Discussion of certain combined statements of financial position items – Trade and other receivables” in this prospectus. To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, Customer J does not have any past or present relationship with our Company or any of its subsidiaries, its shareholders, directors, members of senior management or their respective associates.

None of our Directors or their respective close associates or the Shareholders (who or which, to the best knowledge of our Directors, own more than 5% of the issued share capital of our Company) has any interest in the top five customers of our Group for the Track Record Period. All these top five customers are independent third parties.

BUSINESS

Principal terms of general contracts entered between our Group and the customers

During the Track Record Period and up to the Latest Practicable Date, our customers engage us on a project-by-project basis instead of entering into any long-term contract. Our Directors consider that such arrangement is in line with the industry practice as fitting-out, renovation and A&A projects are usually one-off. The terms and conditions of the agreements vary from customer to customer and were generally in line with market practice. The major terms and conditions typically include the following:

Major terms and conditions	Description
Name and location of the project	: The name and address of the project site which our works are to be carried out.
Scope of work	: This includes the specifications, drawings, designs, plans, materials proposed by our customers or submitted by us and other documents in accordance to which our works should be carried out.
Contract sum	: The value of our works, which in most cases is a fixed lump sum amount.
Contract period	: The period when we perform our works. A deadline is normally stipulated by when we shall complete the project works in accordance with the specifications and requirements of the contract, unless otherwise instructed or varied by our customer.

BUSINESS

Major terms and conditions	Description
Payment terms	: The credit terms for the settlement of payment by our customers vary from project to project. Credit term given to our customers normally ranges from 7 to 30 days upon presentation of our invoice. We may grant longer credit period to customers who are individuals upon their request. Customers who are individuals mainly approach us through referrals by their interior designers or consultants who had known us. We determine the length of the credit period granted to referred customers who are individuals by assessing (i) whether the customer is owner-occupier; (ii) the market value of the residential property; (iii) the purported competition we face when negotiating for the project; and (iv) our business relationship with the referrer who refers the customer to us.
Variation or changes	: Customer may from time to time initiate variations or changes, which may be in the form of instructions or request for our proposal and the costs and expenses for such variations or changes are normally agreed in advance. If the contract does not specify orders for variations, we may normally carry out the works upon instruction from the customer and agree with a price subsequently, which in our Directors' view is a market practice. Valuation of variation is usually by reference to work of similar character and condition.
Insurance	: We, as the main contractor of the project, are generally requested to obtain and maintain (i) contractor's all risks insurance; (ii) commercial general liability insurance to cover public liability and property damage; and (iii) employee compensation required under the statutory limit for the project period.

BUSINESS

Major terms and conditions	Description
Surety bond	: Sometimes we are required to obtain the guarantee of an insurance company or bank to our customer for our due performance and observance of all the terms and conditions of the contract. If such a surety bond is required by us, it is normally released upon satisfactory completion of the project. The amount of surety bond, if any, varies contract by contract.
Liquidated damages	: Generally for delay of practical completion caused by us, we shall pay liquidated damages to our customer for every day between the originally agreed completion date and the actual practical completion date. The amount of liquidated damages may vary significantly among different contracts and is usually of a greater amount for project with larger project sum.
Retention money	: The contract may provide for a sum to be held up by our customer at each interim payment or at practical completion of the project. The retention money is then to be released to us when the defects liability period lapses.
Completion	: When our works have been fully completed and if required, inspections and testing conform to the standard or requirement, some of our customers may issue a practical completion certificate confirming that practical completion of the project has been achieved.

Sales and marketing

During the Track Record Period, our business opportunities arose mainly from invitations for tender or quotation by customers, which are considered by our Directors to be attributable to our well-established presence and reputation in the industry.

We also place advertisements on internet search engines, newspapers and magazines for promoting our standardised A&A works and interior design business. We are proud of our award-winning interior design team which is central to entice high-value customers.

BUSINESS

SUPPLIERS

Our suppliers are broadly categorised into (i) materials suppliers; and (ii) subcontractors. It is often the case that subcontractors, when performing their subcontracted works, provide the materials or furniture. Likewise, the materials suppliers normally have to provide on-site installation and/or implementation services. Therefore, the roles of subcontractors and materials suppliers may therefore be inseparable.

We maintain a list of approved suppliers (including materials suppliers and subcontractors), which were selected by our project directors and project managers mainly based on the suppliers' availability, reputation, quality and workmanship, price, safety standard, punctuality of delivery of products or services, and past working experience with us. As at the Latest Practicable Date, there were approximately 504 suppliers (including materials suppliers and subcontractors) on the list of approved suppliers and our management reviews and updates such list regularly. Most of our suppliers are based in Hong Kong.

Materials suppliers

Our materials suppliers primarily supply us the following materials: lighting, furniture, finishes, electrical equipment, metalware, windows, kitchenware, timber products, tiles, wallpaper, carpet, paints and glass. As a main contractor of fitting-out, renovation and A&A projects, we purchase insurance for our project works and therefore insurance companies are also our major service providers and hence our suppliers. We generally order the materials and insurance on a project-by-project basis and we did not enter into any long-term supply contracts with our materials suppliers. The terms of our supply contracts include specifications, quantities, unit price, payment term and delivery responsibilities. When the materials are delivered on site, our project coordinators inspect the conditions of the materials before acceptance. To avoid damage due to fitting-out works or weather condition, the materials are normally delivered just-in-time for application or installation in accordance with the master programme of the project.

During the Track Record Period, we did not experience any material shortage or delay in the supply of materials or services. Our Directors consider that the possibility of material shortage or delay is low given the duration between we obtain quotations from the materials suppliers and delivery is not long and the abundance of suppliers of similar materials in the market. In addition, due to the same reasons, we did not experience any material fluctuation in materials price during the Track Record Period. We are able to pass on any increase in direct costs to our customers as we generally take into account our overall costs and any anticipated cost rise in our quotation submitted to our customers.

Subcontractors

As a fitting-out, renovation and A&A works main contractor, we are responsible for overall project management and implementation. To optimise our resources level and enhance cost efficiency, we subcontract most of the activities of a project to other subcontractors. Typical scope of subcontracted works includes interior fitting-out, renovation and A&A works, building works, structural steel works, electrical works and stone works.

BUSINESS

We are responsible to our customers for the works performed in a project, including those carried out by our subcontractors. Our customers generally consent us in the use of subcontractors for a project.

We enter into separate subcontract agreements with our individual subcontractors. The terms of our contracts with our subcontractors may vary depending on the scope of work, timing and quantities and unit price. Generally, we apply the following principal terms in our contracts with our subcontractors:

Scope of services

Following our customers' specifications and requirements, the subcontractors will set out the scope of services which may include services, quantities, and materials to be used. The contract also specifies the site location.

Fee and payment term

The contract sets out the total fee payable by our Group to the subcontractor and how the fee is to be settled together with the credit term.

License

For certain work, such as installation of fire services and electrical equipment, appropriate licenses from the Fire Services Department and Electrical and Mechanical Services Department are required in order to carry out such work. We will specifically require subcontractor to have obtained all such licenses, which ought to be valid throughout the contract. We have been registered as the Electrical Contractor with the Electrical and Mechanical Services Department since July 2015.

Our subcontractors are neither our employees nor our agents, and we are not a party to the employment arrangement between our subcontractors and their employees. Fitting-out, A&A and renovation works are labour intensive works and we rely on workers with different skills to complete our projects. Given the variety of works undertaken by us, we may involve technical staff and labour with a wide variety of specialised skills at each stage.

As we are engaged by our customers project-by-project, we also engage our subcontractors in a similar manner. Our long term relationship with the subcontractors enables us to engage them timely and we approach our subcontractors early for potential projects so that they can reserve sufficient resources for us when our projects commence.

List of internally approved subcontractors

We maintain a list of approved subcontractors in order to control our quality of works. We conduct background searches on new subcontractors (including their job references, relevant experience and comments given by customers or working parties) before they are admitted to our list of internally approved subcontractors. Where a

BUSINESS

subcontractor does not possess, or ceases to possess, the necessary licences, permits or certificates required for carrying out relevant works or does not comply with relevant laws and regulations, we will not engage, or will cease to engage (as the case may be), such subcontractor and we will remove such subcontractor from our list of internally approved subcontractors. Our project managers will decide the admitting or removing subcontractor in or from our internally approved list in the regular project manager meetings. Given a relatively large pool of subcontractors in our approved list in various types of works, our Directors do not foresee any difficulties in locating a suitable subcontractor for a new project.

Selection criteria of subcontractors

We select subcontractors based on project requirements and assess the subcontractors' credibility, reputation, past performance, capacity and capability to meet our requirements as to quality, schedule, costs, environmental protection (such as working hours and use of machinery concerns) and safety. We generally only engage subcontractors listed on our list of internally approved subcontractors unless they are designated by our customers as nominated subcontractors. Generally, we invite more than one subcontractor as our candidate for the same services. In addition, in order to minimise the concentration risk and avoid reliance on a particular subcontractor, we generally engage different subcontractors for different types of works of a project.

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

We are liable to our customers for the performance and the quality of work done by our subcontractors. We require our subcontractors to follow our in-house rules in relation to work quality, occupational safety and environmental protection. In general, our project team will supervise subcontractors on a daily basis so as to identify any potential faults or defects and ensure the compliance of our in-house rules.

During the Track Record Period, there were no material claims of injuries arising from subcontracting activities, or claims from our customers in relation to the quality of works performed by our subcontractors, save for those disclosed in the paragraph headed "Litigation and potential claims" in this section below.

BUSINESS

Major suppliers

For the two years ended 31 March 2016 and the three months ended 30 June 2016, the percentage of our Group's purchase amount attributable to our Group's largest supplier was approximately 11.2%, 9.7% and 17.6% of our total direct costs for the period, respectively, while the percentage of our Group's total purchase amount attributable to our five largest suppliers in aggregate was approximately 34.7%, 31.8% and 48.3% of our total direct costs, respectively.

Set out below is a breakdown of our Group's total purchases made with the top suppliers:

For the year ended 31 March 2015

Rank	Supplier	Materials/services provided	Purchase amount <i>HK\$'000</i>	% of total direct costs for the year	Years of relationship with our Group as at the Latest Practicable Date
1.	Supplier A	Interior fitting-out	12,893	11.2%	2 years
2.	Supplier B	Interior fitting-out	9,586	8.3%	9 years
3.	Supplier C	Steel structure works	7,859	6.8%	6 years
4.	Supplier D	Stone works	4,926	4.3%	5 years
5.	Supplier E	Interior fitting-out	<u>4,758</u>	<u>4.1%</u>	4 years
Total			<u><u>40,022</u></u>	<u><u>34.7%</u></u>	

BUSINESS

For the year ended 31 March 2016

Rank	Supplier	Materials/services provided	Purchase amount <i>HK\$'000</i>	% of total direct costs for the year	Years of relationship with our Group as at the Latest Practicable Date
1.	Supplier C	Steel structure works	10,742	9.7%	6 years
2.	Supplier A	Interior fitting-out	8,889	8.0%	2 years
3.	Supplier F	Building works	6,355	5.7%	3 years
4.	Supplier B	Interior fitting-out	5,595	5.1%	9 years
5.	Supplier G	Electrical works	<u>3,622</u>	<u>3.3%</u>	2 years
Total			<u><u>35,203</u></u>	<u><u>31.8%</u></u>	

For the three months ended 30 June 2016

Rank	Supplier	Materials/services provided	Purchase amount <i>HK\$'000</i>	% of total direct costs for the period	Years of relationship with our Group as at the Latest Practicable Date
1.	Supplier F	Building works	3,943	17.6%	3 years
2.	Supplier C	Steel structure works	2,415	10.8%	6 years
3.	Supplier B	Interior fitting-out	1,880	8.4%	9 years
4.	Supplier H	Building works	1,361	6.1%	6 years
5.	Supplier I	Management company for a commercial property, charging for nominated subcontracting works	<u>1,198</u>	<u>5.4%</u>	1 year
Total			<u><u>10,797</u></u>	<u><u>48.3%</u></u>	

BUSINESS

None of our Directors, their close associates or the Shareholders (who or which, to the best knowledge of our Directors own more than 5% of the issued capital of our Company) has any interests in the five largest suppliers of our Group for the Track Record Period. All these five largest suppliers are independent third parties.

Credit terms

The credit terms granted by our suppliers generally ranged from 0 day to 30 days from the invoice date and we settle our payment generally by cheque.

MACHINERY

As at 30 June 2016, the net book value of our plant and equipment was approximately HK\$976,000, which were mainly motor vehicles. Our Directors confirm that our Group, as the main contractor of our projects, does not rely on the use of machinery, which are provided and used by our suppliers or subcontractors in performing their works only.

AWARDS AND ACCREDITATION

Despite the relative insignificance of revenue contribution by our interior design business, which accounted for approximately HK\$3,103,000, HK\$6,945,000 and HK\$1,978,000 revenue to our Group, or approximately 2.3%, 4.9% and 6.5% of total revenue for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, Ample Design has been certified by a number of awards, as summarised in the following:

Award name	Description	Awarding body	Year of award
2015 K-Design Award	Space design winner	K-Design Award	2015
2015 Asia Pacific Property Awards	Retail interior – Highly Commended	International Property Awards	2015
2013-2014 Asia Pacific Interior Design Awards for Elite	Office Interior – Honorable Award and Winning Prize	Asia Pacific Design Centre and International Federation of Interior Architects/ Designers	2014

BUSINESS

Award name	Description	Awarding body	Year of award
2014 Best Of Houzz	The Best Of Houzz award is given in two categories: customer satisfaction and design.	Houzz Inc.	2014
2012 Successful Design Award	A competition aimed at honoring outstanding designs and design influences in China	China's Most Successful Design Awards Organizing Committee	2012
2012 Best of the Best Awards – Lifestyle	Outstanding designer award	Square Foot Limited	2012

QUALITY ASSURANCE

As a testament to commitment to provision of quality services, we have been awarded the following certificates:

Certificates/Description	Awarding organisation	Date of grant	Date of Expiration
Certificate for compliance with the requirements of OHSAS 18001:2007 occupational health and safety management system specification applicable to Interior design and fitting out works	Accredited Certification International Limited	3 November 2012	3 November 2018
Certificate for compliance with the requirements of ISO 14001:2004 environmental management system standard specification applicable to Interior design and decoration	Accredited Certification International Limited	3 November 2012	15 September 2018

BUSINESS

Certificates/Description	Awarding organisation	Date of grant	Date of Expiration
Certificate for compliance with the requirements of ISO 9001:2008 quality management system standard specification applicable to interior design and decoration	Accredited Certification International Limited	4 November 2006	15 September 2018

We consider that quality regarding our works is of utmost importance for our reputation and maintaining client relationship. Therefore, we apply stringent quality control on our services and materials. The following sum up our quality assurance procedures:

(i) Materials and furniture

We procure materials and furniture from materials suppliers for our fitting-out, renovation and A&A projects. To ensure the quality of such materials and furniture, our project team members conduct inspection upon delivery and before receipt. Upon request of our customers, we will also arrange relevant testing of the materials.

(ii) Subcontracting

We maintain a list of approved subcontractors and we only subcontract our works to subcontractors on such list. We assess the performance, quality standard, timeliness of delivery, workmanship and financial strength of our subcontractors regularly. We also communicate closely with our subcontractors to ensure they learn the specifications of the project works and the quality requirements and we inspect their works before handing over to clients.

(iii) Project management

Our project team conducts progress meetings with our clients and other relevant parties to ensure that each of them has full knowledge and understanding of the progress of a project. Our management considers that timely delivery is crucial to our quality assurance plan and we endeavour to improve our coordination with the working parties and project management. Our project management staff will normally be on-site to monitor the works performed by our suppliers (including materials suppliers and subcontractors) to ensure that all works are done in accordance with our customer's specifications.

BUSINESS

OCCUPATIONAL HEALTH AND SAFETY

We have adopted an occupational health and safety system as required by relevant occupational health and safety laws, rules and regulation and managed by our safety department for the benefit of the employees of our Group and our subcontractors. We are committed to providing a safe and healthy working environment. It is also our concern not to cause hazards in the general public. With effect from November 2012, our occupational health and safety management system has been accredited with OHSAS 18001:2007.

Our safety department is responsible for setting up safety policy for workers before carrying out their works, inspection of equipment to ensure they are safe to use, regular safe walks to maintain safe working environment and site tidiness, handling safety incident and keeping safety records. In addition, our Group will conduct regular safety meetings and safety training for our staff.

The following table sets forth the comparison of the industrial accident rate per 1,000 workers and the industrial fatality rate per 1,000 workers of our Group (including workers of our subcontractors) against the construction industry average in Hong Kong:

	Industry average ⁽¹⁾	Our Group ⁽²⁾
2014		
Accident rate per 1,000 workers	41.9	–
Fatality rate per 1,000 workers	0.242	–
2015		
Accident rate per 1,000 workers	39.1	0.96
Fatality rate per 1,000 workers	0.200	–

Notes:

- (1) Occupational Safety and Health Statistics Bulletin Issue No. 16 (August 2016) by Occupational Safety and Health Branch of the Labour Department.
- (2) Our accident rate is calculated as the occurrence of accident during the calendar year (i.e. 0 accident in 2014 and 2 accidents in 2015) divided by the average number of site workers in the last month of the year. The number of site workers includes employees of our Group and our subcontractors.

BUSINESS

The following table sets out the nature and type of material industrial accidents which occurred during the Track Record Period and the corresponding safety measures and requirements we undertook and implemented to prevent the occurrence of similar accidents and protect the employees of our Group and our subcontractors:

Nature and type of industrial accidents	Safety measures and requirements undertaken
Contusion, bruise, sprain and/or fracture injury caused in connection with falling from height	We require our workers to strictly follow our relevant safety guidelines while working at height. In addition, under our internal safety guidelines, ladders and working platforms for working at height must be securely anchored to safe place and being inspected by competent person before commencement of the works. Depending on the height of works, each worker is strictly required to wear safety harness which is secured to an independent life line.
Contusion, bruise, sprain and/or fracture injury caused in connection with slipping and falling on the floor	Our workers are required to strictly follow our safety policy to maintain safe work environment and site tidiness. In circumstances where working on slippery surfaces is inevitable, we require our workers to strictly follow our relevant safety guidelines for working on slippery surfaces, such as the use of different protective equipment, like slip-proof safety shoes.

The following table sets out our Group's lost time injuries frequency rates ("LTIFR(s)") is set out below:

Period	LTIFR(s) <i>(Notes)</i>
Year ended 31 March 2015	–
Year ended 31 March 2016	8.01
Three-month period ended 30 June 2016	–

Notes:

1. LTIFR is a frequency rate that shows how many lost time injuries occurred over a specified time worked in a period. The LTIFRs shown above are calculated by multiplying the number of lost time injuries in terms of loss days of our Group that occurred during the relevant financial year or period by 1,000,000 divided by the number of hours worked by site worker over the same financial year or period. It is assumed that the working hour of each worker is 10 hours per working day. The number of working days for the two financial years ended 31 March 2016 and three months ended 30 June 2016 were approximately 313 days, 312 days and 74 days, respectively.
2. Employees of our Group and our subcontractors are included in the LTIFRs shown above.

BUSINESS

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our Group did not experience other material accidents involving fatal injuries.

ENVIRONMENTAL PROTECTION

Our business is subject to the applicable laws and regulations relating to environmental protection. For details of the laws and regulations in relation to environmental protection aspects relevant to our business, please refer to the section headed “Regulatory Overview” in this prospectus.

Our Directors believe that it is essential for us to be environmentally responsible and to meet our customers’ demands in environmental protection and at the same time meeting the community’s expectation for a healthy living and working environment. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group did not have any material violation of the relevant contract terms which led us to claims by our clients.

In order to comply with the applicable environmental protection laws and regulations, we have established an environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both our employees and workers of the subcontractors on among others, air pollution, noise control and waste disposal. For each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, our compliance cost in relation to the applicable environmental laws and regulations in Hong Kong was approximately HK\$1,000, HK\$5,000 and HK\$35,000, respectively, which primarily related to dumping of waste. Our Group estimates that annual cost of compliance going forward will be at a level similar to that incurred during the Track Record Period and consistent with its scale of operation.

With effect from November 2012, our environmental management system has been accredited with ISO 14001:2004. Set out below are our measures and work procedures required to be followed by our project management team and workers in respect of environmental protection compliance:

Area	Measures
Air pollution control	<ul style="list-style-type: none">● Dust suppression by use of water● Installation of dust screens as required● Use of low-dust techniques and equipment as required

BUSINESS

- | | |
|----------------|---|
| Noise control | <ul style="list-style-type: none">● Installation of acoustic barriers as required● Inspection and maintenance of all equipment before use for compliance of permitted noise level● Works to be undertaken in accordance with the permitted work hours as specified by our customers |
| Waste disposal | <ul style="list-style-type: none">● Waste to be segregated into general wastes and construction wastes before transporting to landfills |

INSURANCE

Pursuant to Section 40 of the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities under the Employees' Compensation Ordinance and at common law for their employees' injuries at work). Our Group's liability in respect of the claims from employees of our Group and our Group's subcontractors arising out of and in the course of their employment has been covered by the insurance policy taken out by our Group or our subcontractors.

Our Directors have confirmed that during the Track Record Period and up to the Latest Practicable Date, all of our construction projects were covered and protected by the employees' compensation insurance policy for an amount not less than HK\$200 million per event taken out by our Group or our subcontractors for the entire construction project. Our Group may, in addition to the employees' compensation insurance, take out a contractor's all-risks insurance policy which provides extra insurance coverage to employees of our Group and our Group's subcontractors, third party damage and bodily injury and other damage for certain construction projects. The coverage of such additional contractor's all-risks insurance taken out by our Group depends on a number of factors, including our customers' specific requirement, the scale of operation, the complexity of works and the level of risks associated with our projects. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group has taken out and maintained insurance policies in respect of employees' compensation and contractors' all risks covering property damage arising from the project works and third party liabilities insurance for the project in accordance with the applicable laws and regulations and the insurance requirements under the contract.

During the Track Record Period, our Group also maintained insurance coverage against third-party liability in relation to the use of our vehicles.

BUSINESS

During the Track Record Period, the total insurance cost borne by our Group for projects amounted to approximately HK\$1,373,000, HK\$1,586,000 and HK\$350,000 for each of the years ended 31 March 2015 and 2016 and for the three months ended 30 June 2016, respectively. Our Directors confirm that our Group has adequate insurance coverage for the operation of our business and it is in line with the industry norm.

COMPETITION LANDSCAPE

According to the Euromonitor Report, the industry in which our Group operates is fragmented with a large number of players and is highly competitive on price. According to the Buildings Department Registry, there were 703 registered general building contractors and approximately 10,000 registered minor works contractors for A&A works under Type A minor works as of December 2016.

According to the Euromonitor Report, our Group is able to provide a wider range of fitting-out, renovation and A&A works services than many competitors in the industry in Hong Kong. In particular, our Group also offers interior design and project management services that not only diversify our business risk but also grow the business in strength. Our Directors consider that the ability to provide comprehensive services is a distinct feature of our Group in our industry. For higher value fitting-out, renovation and A&A works projects, such as fitting-out, renovation and interior design for retail premises of luxury goods and high-end fashion, are more commonly provided by large-scale fitting-out, renovation and interior design service providers. Our Group had completed a number of projects which involved the fitting-out, renovation and interior design for retail premises of luxury goods and high-end fashion. Our service range therefore gives us a competitive advantage over many other service providers in providing comprehensive and one-stop fitting-out, renovation and interior design services to customers. Our Group takes pride in our quality work and good time management which are essential to build a growing clientele base over the years. Our Group also recognises the importance to establish stable partnerships with suppliers and specialised contractors that our Company engages. This allows our Group to be able to achieve a consistently high standard of work in the delivery of its projects, provide the best value for customers and respond quickly to changing market needs.

There are some major construction contractors, which also have their own in-house fitting-out team or subsidiary, are likely to have a better competitive edge since they have the advantage of being able to compete for construction projects as a main contractor and the autonomy to use their own in-house team or engage their subsidiary for fitting-out works. On the other hand, the market share of players within the renovation and A&A works industry is more evenly distributed among mid-sized to small-sized players. Furthermore, as the fitting-out and renovation works and A&A works industry covers a wide range of works requiring different skills, most of the players tend to offer only services in a specialised area.

The quality of work is another factor that is important, especially for high-end developments, such as the fitting out of luxury apartments or offices for leading international brands. Customers may prefer contractors who are able to coordinate the full range of construction services, eliminating the need to negotiate and deal with multiple subcontractors and possibly shortening the project timeframe.

BUSINESS

Having considered the competitive strengths of our Group as discussed in the paragraph headed “Competitive strengths” in this section above, our Directors believe our Group is well-positioned to maintain our foothold in the fitting-out, renovation and A&A works industry. In addition, riding on our established track record and proposed listing status, which our Directors believe our potential clients will likely take into consideration in choosing our services, our Directors are optimistic about our Group’s business outlook.

PROPERTY INTERESTS

During the Track Record Period and up to the Latest Practicable Date, we did not own any land or property but we leased the following property for our business operations from independent third party:

Address	Monthly rental expenses <i>HK\$</i>	Use of the property	Tenancy
Unit 9 & Unit 10 on 13th Floor, Eastern Harbour Centre, No. 28 Hoi Chak Street, Quarry Bay, Hong Kong	HK\$39,880 (inclusive of Rates & Government rent and management charges)	Office and warehouse	From 1 April 2016 to 31 March 2018 (both days inclusive)

INTELLECTUAL PROPERTY

Our Group is the registered owner of 2 trademarks and 2 domain names in Hong Kong. Please refer to the section headed “Statutory and General Information – B. Further information about the business of our Group – 2. Intellectual property rights of our Group” in Appendix IV to this prospectus for further details.

As at the Latest Practicable Date, we had not engaged in any material dispute, litigation or legal proceedings relating to the violation of intellectual property rights, and our Group was not aware of any infringement by it of any intellectual property rights owned by third parties nor by any third parties of any intellectual property rights of our Group.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any significant research and development activity.

BUSINESS

EMPLOYEES AND MANAGEMENT

As at the Latest Practicable Date, apart from our Board, we had 29 full-time employees who were directly employed by our Group in Hong Kong. A breakdown of our number of employees by function as at the dates indicated during the Track Record Period is set forth in the table below:

	As at 1 April 2014	As at 31 March 2015	As at 31 March 2016	As at 30 June 2016	As at the Latest Practicable Date
Management	2	2	3	3	3
Administration and human resources	3	4	3	3	3
Accounting	–	–	3	3	3
Business development	–	–	1	1	1
Project management and execution	6	9	13	13	13
Design	4	4	4	4	6
Total	<u>15</u>	<u>19</u>	<u>27</u>	<u>27</u>	<u>29</u>

Our Group generally recruits our staff through placing advertisements in the open market and recruitment websites after assessing the candidates' experience, expertise and qualifications required for our different functions. They are normally subject to a three-month probationary period starting on board. It is our objective to maintain good employer-employee relationship and have constructive plans to attract, retain and incentivise our employees with a view to promoting sense of belonging and encouraging them to commit to our goals. We assigned a human resources department to handle all employment issues and complaints. During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the paragraph headed "Litigation and potential claims" in this section below, we did not encounter any material difficulties in hiring staff or complaints by or disputes with our staff which would have had a material impact on our business, financial condition or results of operations. There was no labour union established by our employees as at the Latest Practicable Date.

LITIGATION AND POTENTIAL CLAIMS

A. Ongoing litigation in relation to employees' compensation claims and common law personal injury claims

As at the Latest Practicable Date, we undergone two litigations brought against our Ample Construction by the family members of a worker (the "Deceased") who passed away in a fatal accident happened on 20 August 2013 (the "Accident").

BUSINESS

On 20 August 2013, the Deceased was employed by a sub-subcontractor to carry out external wall repairing work, during which he fell from height to the ground and as a result sustained fatal injuries. Our Company was the principal contractor of the work involved in the Accident. The family members of the Deceased commenced two litigations against, amongst others, the sub-subcontractor and Ample Construction. The first litigation (the “**First Litigation**”) was initiated pursuant to the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) on 1 June 2015 and the second litigation (the “**Second Litigation**”) was initiated under common law on 17 February 2016, both of which are awaiting trial. As at the Latest Practicable Date, our Group has not been served any court documents containing information on the amount of claims from the claimant and the claim amount in the Second Litigation is unknown.

We have been advised by Mr. Yuen Siu Kei (“**Mr. Yuen**”), a barrister-at-law in Hong Kong, that after considering the background facts, Ample Construction may be held liable as a main contractor under the First Litigation the Deceased is deemed to be, at the time of the Accident, in the course of employment in connection with Ample Construction’s trade of business notwithstanding that the Deceased was at the time of the Accident acting in contravention of acting without instructions from his employer, pursuant to Section 5(4)(b) of the Employees’ Compensation Ordinance. In such event, Ample Construction may be required to pay up to approximately HK\$2,013,000 as a compensation to the plaintiff. In this regard, our Group has made a provision (the “**Provision**”) of approximately HK\$2,013,000. Claim under Employees’ Compensation Ordinance covers injuries/death caused by accidents arising out of and in the course of employment irrespective of whether the injury/death was caused by the employee’s fault while personal injury claim under the common law depends on the negligence of the employer and is independent of the employee’s compensation claim. In relation to the Second Litigation, we have been advised by Mr. Yuen that we have a strong case in defense of the Second Litigation on the grounds that at the time of the Accident, the project was already completed and our Group was no longer a contractor responsible for the site. In addition, our Group did not expect and was not aware of any work on the day when the Accident occurred. Therefore, it was not fair and reasonable to impose a duty of care on Ample Construction for the acts of the Deceased due to lack of proximity and foreseeability and therefore Ample Construction is unlikely to be held liable in a common law personal injury action in the absence of a duty of care. As advised by Mr. Yuen, the estimated amount of damages for the Second Litigation, which was made with reference to the Deceased’s salary and other similar judgments, would be in the region of approximately HK\$3 million and the final amount of damages to be awarded to the Deceased will be subject to the deduction of the amount of damages payable under the First Litigation pursuant to Section 26(1) of the Employees’ Compensation Ordinance, which is estimated to be approximately HK\$2,013,000. Based on the legal opinion from Mr. Yuen, our Directors are of the view that it is unlikely that the Deceased will obtain a judgment in favour to him. Accordingly, no provision for claim in respect of the Second Litigation was made by our Group.

Although our Group had taken out an insurance policy for the repairing works based on the works to be undertaken, the insurer has disputed about the insurance coverage in respect of the Accident and as at the Latest Practicable Date, our Group is still negotiating with the insurer regarding the insurance coverage of the Accident. Our Directors consider the insurer’s major ground of dispute is that the Deceased did not wear a safety belt in

BUSINESS

connection with works at height exceeding 2 metres above ground or floor level. As at the Latest Practicable Date, our insurer has not paid any compensation to the Deceased, nor agreed to keep Ample Construction indemnified against any liability arising from the Accident. Our Directors consider that our Group had maintained adequate insurance coverage as the insurance policy was taken out after considering the works to be carried out, such as working on scaffold and working at height. However, the Accident occurred only after the project was practically completed and at the material time, the Deceased was requested by the management office of the premises to remove some screw holes left on the external wall. The Deceased had carried out such works without receiving instructions from our Group and did not wear a safety belt at the material time despite one having been provided to him, and subsequently fell from height exceeding 2 metres above floor level. As the Deceased did not wear a safety belt, the insurer disputed the insurance coverage, notwithstanding that the policy coverage has included works at height. The Controlling Shareholders of our Company, have agreed to jointly and severally indemnify our Group against all damages, losses, claims, fines, penalties to be imposed, charges, fees, costs, interests, expenses (including all legal costs and expenses) arising from or in connection with the First Litigation and the Second Litigation (including those paid by our Group out of the Provision) pursuant to the Deed of Indemnity.

After considering the compensation that our Group may be required to pay, the legal costs that may be involved and the merits of our defenses, our Directors are of the view that the First Litigation and the Second Litigation would not bring material impact on the financial position of our Group.

Our Group has enhanced safety policy following the Accident, that (i) no subcontractor should carry out any works without first informing our project management staff, even if the works are minor or defects making good after practical completion of the project; (ii) we will notify our clients and the management office of the project site that they should only contact the designated staff of our Group to arrange making good of defects and should not give instruction to our subcontractors directly; (iii) when the subcontractors inform us that they will carry out works in a site, our project management staff will inquire the scope of works and consider the safety risks; (iv) if the works of our subcontractors involve working at height or considerable safety risks, our project management staff will require the subcontractors to use necessary protective equipment such as safety belt, safety helmet and goggles, and we will request our subcontractors to provide evidence, such as photographs, to prove that all safety measures are followed; and (v) our project management staff or safety officer will carry out random safety inspection to spot check any workplace safety weakness and breach of our safety policy. For selected projects where our Directors anticipate will on average have at least 50 workers a day, our safety officers will conduct induction training to all of our subcontractors to familiarise them with our safety policy, the use of safety equipment, how to obtain and replace safety equipment from us and the safety duties of the workers. Further, all of the persons-in-charge of our subcontractors are required to attend safety trainings organised by us half-yearly to understand and be aware of our safety policy. The Accident took place prior to the Track Record Period and since then there had not been any fatal accident or major injuries arising from the projects of our Group, our Directors therefore take the view, and the Sponsor concurs, that our Group has adequate and effective measures to prevent the reoccurrence of similar accident in the future and to ensure our subcontractors and their employees comply with our safety measures.

BUSINESS

B. Potential litigation in relation to employees' compensation claims and common law personal injury claims

During the Track Record Period, there is one incident which may give rise to potential litigation in relation to employees' compensation and/or common law personal injury claims against our Group as set out below:

No	Date of accident	Details of the accident and nature of injuries	Last date to commence an employee's compensation claim	Last date to commence a personal injury claim	Covered by insurance
1	17 August 2015	An employee of our Group suffered fractured right foot whilst performing works	16 August 2017	16 August 2018	Yes

As at the Latest Practicable Date, the potential litigation related to the above incident have not commenced and therefore, our Directors are of the view that the likely quantum of such potential claims cannot be assessed at this stage. Our Directors take the view that the amount of such potential claims to be borne by our Group in the proceedings shall be covered by relevant insurance policy. Our Directors also confirm that the accident which gives rise to any potential claims were caused during usual and ordinary course of our business and have not caused disruption to our Group's business. Such accident does not have an adverse impact on our Group to obtain and renew any licenses or permits for our operation.

Having considered (i) the uncertainties as to whether such claims will be commenced; (ii) the coverage of insurance policy; (iii) the uncertainties in the total amount that will be involved for such claims, if any; and (iv) the indemnity given by our Controlling Shareholders pursuant to the Deed of Indemnity, no provision was made in the financial statements of our Group in relation to the above potential litigation,

BUSINESS

C. Litigations against our Group settled during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period, our Group has settled the following claims:

No.	Nature of the claims	Particulars of the claims	Covered by insurance
1	(i) Employees' compensation claim (ii) Personal injury claim	On 25 April 2012, the claimant sustained injury to his eye in the course of works.	Yes
2	(i) Employees' compensation claim (ii) Personal injury claim	On 19 June 2013, the claimant sustained injury to his fingers whilst performing works.	Yes
3	(i) Employees' compensation claim (ii) Personal injury claim	On 29 May 2014, the claimant sustained injury to his left hand due to accidental fall.	Yes

Save as disclosed above, no member of our Group was involved in any claim, litigation or arbitration of material importance and no claim, litigation or arbitration of material importance that is known to our Directors would involve any member of our Group.

LEGAL AND REGULATORY COMPLIANCE

Licences and permits

During the Track Record Period and up to the Latest Practicable Date, we had obtained all the material licenses and permits necessary for the operation of our business in which we operate, and such licenses and permits are still valid and in force. We have not experienced any refusal of the renewal application of any material licenses or permits necessary for the operation of our businesses.

As at the Latest Practicable Date, Ample Construction is a Registered General Building Contractor and a Registered Electrical Contractor in Hong Kong. Details are as follows:

Authority	Type of registration	Registered Company	Registration No.	Date of registration	Date of expiration
Building Authority	General Building Contractor	Ample Construction	GBC 3/2006	11 October 2006	29 September 2018
Electrical and Mechanical Services Department	Electrical Contractor	Ample Construction	020845	14 July 2015	6 August 2018

Please refer to the section headed "Regulatory Overview" in this prospectus for the discussion of the regulatory requirements of our business.

BUSINESS

Non-compliance matters

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had no material non-compliance of applicable laws and regulations in Hong Kong that is material or systemic in nature.

RISK MANAGEMENT

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

The following set out the key risks for our business and how our Group intends to mitigate them:

Operational risks

For our business operations, we are primarily exposed to project delay risk and health and safety risk.

Project delay risk

Any delay in project (which may or may not be caused by us) would affect the timing of our Group's cash inflows and outflows and lead our Group to pay liquidated damages and hence affect our profit or loss. Our project managers closely monitor the progress of each project and meet with the customers if necessary to inform them the latest status. We plan the deployment of our labour and other resources accordingly. Our financial manager is responsible for maintaining sufficient liquidity and working capital use and report to our executive Directors to consider whether contingency plans are required.

Health and safety risk

We have adopted a safety and health policy for our staff we engage a safety officer for some projects to ensure the safety condition of the project sites.

Credit risks

We are exposed to risk of increase in bad debts if the credit granted are not closely monitored by us. To minimise credit risks, we adopted the following internal control measures:

- before acceptance of a project, we conduct internal assessment on the customer's payment history and its reputation in its industry to form a view on its credibility and financial strength and negotiate the credit terms;
- our accounting department continuously monitors all overdue payments of each project and takes necessary follow-up actions with our quantity surveyors to remind customers for the timely settlement of our payments; and

BUSINESS

- our financial manager prepares receivables ageing analysis for the presentation to our senior management and our management will review the recoverable amount and assess whether it is necessary to make any specific provisions.

Market risks

Our Group is exposed to market risks relating to changes in the social, political and economic conditions in Hong Kong. Our Directors closely study the relevant economic data to reckon whether fitting-out, renovation or A&A projects would be more favoured so as to adjust our business strategies. It is our Directors' responsibility to identify and assess the prevailing economic condition and market risks and adopt different policies from time to time to mitigate market risks.

Risk management

We have established risk management systems consisting of relevant policies and procedures that we believe are appropriate for our business operations, including monitoring our performance and taking active measures to manage our costs. Pursuant to our risk management policy, our key risk management objectives include: (i) identifying different types of risks; (ii) assessing and prioritising the identified risks; (iii) developing appropriate risk management strategies for different types of risks; (iv) identifying, monitoring and managing risks and our risk tolerance level; and (v) execution of risk response measures.

Our Board oversees and manages the overall risks associated with our operations. Moreover, our audit committee will review and supervise our financial reporting process and internal control system. The audit committee consists of three members, namely Ms. Tsang Ngo Yin, who serves as the chairman of the committee, Mr. Ng Man Wai and Mr. Wu Wai Ki. For the qualifications and experience of these risk management team members and committee members, please refer to section headed "Directors and Senior Management" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, our Group did not engage in any significant hedging activity.

INTERNAL CONTROL

The IC Consultant has been engaged by our Group to consider and comment on the design, implementation and operating effectiveness of the control procedures of our Group by reviewing our policies and procedures, minutes, reports, organisational charts and other supporting documents, and performing walk-through tests and tests of samples. Based on the results of the IC Consultant's review, the IC Consultant has identified certain areas of weaknesses or deficiencies in our internal control system and provided recommendation to our Group for addressing them. The IC Consultant performed its review together with a series of follow-up reviews during February 2016 to August 2016 and has no further recommendation upon completion of the final follow-up review in August 2016. Our Directors confirm and the IC Consultant acknowledges that all recommendations provided by the IC Consultant had been adopted as at the Latest Practicable Date. Based on the findings

BUSINESS

of the IC Consultant and our Group's adoption of the recommendation measures and remedial action to such findings, our Directors considered, and the Sponsor concurs, that we have a sufficient and effective internal control system in place.

CORPORATE GOVERNANCE MEASURES

In addition, it is the responsibility of our Board to ensure that we maintain a sound and effective internal control and corporate governance system to safeguard the Shareholders' interest and our assets at all time. As such, we have adopted a series of corporate governance measures which are set out in the section headed "Relationship with Controlling Shareholders – Corporate governance measures" in this prospectus.

Our Directors are of the view, and the Sponsor concurs, that our Group has adequate and effective internal control measures for our operations, compliance and corporate governance.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately following completion of the Capitalisation Issue and the Placing, each of Mr. Cheung, Heavenly White, Mr. Lam and Summer Unicorn will control more than 30% of our Company's issued share capital. For the purpose of the GEM Listing Rules, each of Mr. Cheung and Heavenly White (an investment holding company wholly-owned by Mr. Cheung, which has not commenced any substantive business activities as at the Latest Practicable Date) and Mr. Lam and Summer Unicorn (an investment holding company wholly-owned by Mr. Lam, which has not commenced any substantive business activities as at the Latest Practicable Date) is a Controlling Shareholder.

INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on its businesses independently of, and does not place undue reliance on, the Controlling Shareholders, their respective associates or any other parties, taking into account the following factors:

(i) Financial independence

Our Group has its own financial management system and the ability to operate independently from the Controlling Shareholders from a financial perspective. As at 30 June 2016, approximately HK\$926,000 was due from our Group to Mr. Cheung and approximately HK\$3,795,000 was due from Mr. Lam to our Group. Please refer to the section headed "Financial Information – Amounts due from/to related parties" in this prospectus for more details. As at 31 October 2016, each of the Controlling Shareholders had given a personal guarantee and indemnity in respect of our borrowings and obligations under finance leases amounting to HK\$21,899,000 on an aggregate basis. All balance due to/from our Controlling Shareholders will be fully settled prior to the Listing. The abovementioned guarantees and indemnities provided by our Controlling Shareholders will be released or discharged in full upon the Listing. Our Directors believe that our Group is capable of obtaining financing from external sources without reliance on the Controlling Shareholders.

(ii) Operational independence

Our Group has established its own organisational structure comprising of individual departments, each having specific areas of responsibilities. Our Group has not shared its operational resources, such as suppliers, customers, marketing, sales and general administration resources with the Controlling Shareholders and/or their associates. Our Directors are of the view that there is no operational dependence on the Controlling Shareholders.

(iii) Management independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. The main function of our Board includes the approval of its overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Company. Our Company has

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies.

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. Ms. Wong is an executive Director and the chairman of our Board. Mr. Lam is an executive Director and the chief executive officer. Mr. Lam, who is the sole director of Summer Unicorn, is the overlapping director between our Group and the Controlling Shareholder. Mr. Cheung, who is our senior management member, is the sole director of Heavenly White. None of the other Directors nor members of senior management hold any directorship or position in the Controlling Shareholders.

Each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transactions and shall not be counted in the quorum. In addition, the senior management team of our Group are independent from the Controlling Shareholders. Our Directors are of the view that our Board and senior management are capable of managing our Group's business independently from the Controlling Shareholders.

RULE 11.04 OF THE GEM LISTING RULES

The Controlling Shareholders, our Directors and their respective associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

VOLUNTARY LOCK-UP UNDERTAKING BY OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders, namely Mr. Cheung, Mr. Lam, Heavenly White and Summer Unicorn, have entered into a deed of lock-up undertaking with our Company (for itself and for the benefit of each of its subsidiary) on 23 December 2016. Pursuant to the deed of lock-up undertaking, each of the Controlling Shareholders has undertaken to our Company and/or the Stock Exchange that it or he shall not at any time during the 24-month period following the Listing Date (the first 12 months of which is given to our Company and the Stock Exchange and is required under Rule 13.16A of the GEM Listing Rule while the second 12 months of which is given to our Company voluntarily by the Controlling Shareholders and can only be waived by majority of our Company's independent shareholders), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, he/it would cease to be a Controlling Shareholder.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Controlling Shareholders believe that the above arrangement, apart from satisfying the lock-up requirement under Rule 13.16A of the GEM Listing Rules, demonstrates their long-term commitment to our Group and confidence in its future development.

NON-COMPETITION UNDERTAKINGS

In order to avoid any possible future competition between our Group and the Controlling Shareholder, Mr. Cheung, Heavenly White, Mr. Lam and Summer Unicorn (each a “Covenantor” and collectively the “Covenantors”) have entered into the Deed of Non-competition with our Company (for itself and for the benefit of each other member of our Group) on 23 December 2016. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to our Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its associates (other than any member of our Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of our Group.

Each of the Covenantors further undertakes that if he/it or his/its associates other than any member of our Group is offered or becomes aware of any business opportunity which may compete with the business of our Group, he/it shall (and he/it shall procure his/its associates to) notify our Group in writing and our Group shall have a right of first refusal to take up such business opportunity. Our Group shall, within 6 months after receipt of the written notice (or such longer period if our Group is required to complete any approval procedures as set out under the GEM Listing Rules from time to time), notify the Covenantor(s) whether our Group will exercise the right of first refusal or not.

Our Group shall only exercise the right of first refusal upon the approval of all our independent non-executive Directors (who do not have any interest in such opportunity). The relevant Covenantor(s) and the other conflicting Directors (if any) shall abstain from participating in and voting at and shall not be counted as quorum at all meetings of our Board where there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of our independent non-executive Directors for considering whether or not to exercise the right of first refusal.

The undertakings contained in the Deed of Non-competition are conditional upon the Listing Division granting approval for the listing of and permission to deal in the Shares on the Stock Exchange and all conditions precedent under the Underwriting Agreement having been fulfilled (or where applicable, waived) and the Underwriting Agreement not having been terminated in accordance with its terms. If any such condition is not fulfilled on or before the date falling 30 days after the date of this prospectus (of if such date is not a business day, the immediate preceding business day), the Deed of Non-competition shall lapse and cease to have any effect whatsoever and no party shall have any claim against the other under the Deed of Non-competition.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Deed of Non-competition shall terminate on (i) in relation to any Covenantor, the date on which he/it together with his/its associates, whether individually or taken together, cases to be interested in 30% (or such other amount as may from time to time be specified in the GEM Listing Rules as being the threshold for determining a controlling shareholder of a company) or more of the entire issued share capital of our Company; or (ii) the date on which the Shares shall cease to be listed and traded on the Stock Exchange (except for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

CORPORATE GOVERNANCE MEASURES

To avoid potential conflicts of interest, our Group will implement the following measures:

- (i) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors (or their associates), the interested Directors shall abstain from voting at the relevant Board meeting and shall not be counted in the quorum;
- (ii) the Covenantors will make an annual confirmation as to compliance with his/its undertaking under the Deed of Non-competition for inclusion in the annual report of our Company;
- (iii) our Company has appointed Frontpage Capital as our compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Please refer to the section headed "Directors and Senior Management – Compliance adviser" in this prospectus for further details in relation to the appointment of compliance adviser;
- (iv) the Controlling Shareholders undertake to provide all information requested by our Group which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition; and
- (v) the independent non-executive Directors will, based on the information available to them, review on an annual basis (a) the compliance with the Deed of Non-competition; and (b) all the decisions taken in relation to whether to pursue the new opportunity under the Deed of Non-competition. Findings of such review will be disclosed in our Company's annual report after Listing.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our Group's business. Our Board consists of five Directors, including two executive Directors and three independent non-executive Directors. The following table sets forth certain information of our Directors:

Name	Age	Present position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
<i>Executive Directors</i>						
WONG Wan Sze (黃韻詩)	37	Executive Director and chairman of our Board	13 March 2007	5 May 2016	Overall strategic management and development of our Group's business operations; serving on the Remuneration Committee and the Nomination Committee	Spouse of Mr. Cheung Ka Yan
LAM Shui Wah (林瑞華)	40	Executive Director and chief executive officer	8 July 2002	11 February 2016	Overseeing our Group's business development, operations, human resources, finance and administration	None
<i>Independent non-executive Directors</i>						
NG Man Wai (吳文偉)	37	Independent non-executive Director	20 December 2016	20 December 2016	Serving on the Audit Committee, and providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of our Company	None

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
WU Wai Ki (胡惠基)	42	Independent non-executive Director	20 December 2016	20 December 2016	Serving on the Audit Committee, the Remuneration Committee and the Nomination Committee, and providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of our Company	None
TSANG Ngo Yin (曾傲媽)	42	Independent non-executive Director	20 December 2016	20 December 2016	Serving on the Audit Committee, the Remuneration Committee and the Nomination Committee, and providing independent judgment and advising on the issues of strategy, performance, resources and standard of conduct of our Company	None

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. WONG Wan Sze (黃韻詩), aged 37, is our executive Director and chairman of our Board. Ms. Wong was appointed as our executive Director on 5 May 2016. Ms. Wong is responsible for the overall strategic management and development of our Group's business operations and is serving on the Remuneration Committee and Nomination Committee. Ms. Wong joined our Group as a director of Ample Construction in March 2007 and had been responsible for establishing business objectives and exploring business opportunities for our Group. In October 2009, Ms. Wong resigned as a director of Ample Construction and was appointed as the general manager of Ample Construction, and has since been responsible for supervision of marketing, human resources and all administrative functions of our Group. Ms. Wong obtained a Certificate in General Nursing from Enrolled Nurse Training School Tung Wah Eastern Hospital in September 2000. Prior to joining our Group, Ms. Wong worked as an enrolled nurse. Ms. Wong is the spouse of Mr. Cheung.

Mr. LAM Shui Wah (林瑞華), aged 40, is our executive Director, chief executive officer and the co-founder of our Group. Mr. Lam was appointed as our Director on 11 February 2016 and re-designated as executive Director on 5 May 2016. Mr. Lam is responsible for overseeing our Group's business development, operations, human resources, finance and administration.

Mr. Lam is an authorised signatory and a technical director for Ample Construction on the Register of General Building Contractors of the Buildings Department. Mr. Lam is also a director of all subsidiaries of our Company. Mr. Lam obtained a Bachelor of Science Degree from the University of Central Lancashire, the United Kingdom in December 2004 and a Certificate of Completion in Building Studies for Building Discipline from the Hong Kong Institution of Engineers in November 2006. Mr. Lam has over 20 years of experience in the construction industry. Mr. Lam started to run Ample Construction in April 2005. His working experience prior to founding our Group includes the following:

Name of organisation	Principal business activity	Position	Period of service
Far East Wager Construction Limited	Construction and civil engineering works	Assistant foreman	September 1995 to May 1998
Eastman Engineering Limited	Construction and civil engineering works	Assistant foreman	June 1998 to October 1999
Hip Hing Construction Company Limited	Construction and civil engineering works	Assistant foreman	October 1999 to February 2000
Hong Kong Housing Authority	An agency of the Government of Hong Kong, main provider of public housing	Contract works supervisor II (civil)	February 2000 to March 2005

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lam has been the vice president of the fifth council of Association of Enterprises with Foreign Investment (茂名市外商投資企業協會) since January 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Man Wai (吳文偉) (“**Mr. Ng**”), aged 37, was appointed as our independent non-executive Director on 20 December 2016. Mr. Ng is serving on the Audit Committee. Mr. Ng is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of our Company.

Mr. Ng graduated from the University of Melbourne with a Bachelor of Planning and Design (Architecture) Degree in December 2002. Mr. Ng has over 8 years of experience in the interior design industry. Between 2003 and 2010, Mr. Ng worked in the following companies:

Name of organisation	Principal business activity	Position	Period of service
S & D Interior Limited	Interior design consultancy	Interior designer	During 2003
CYS Associates (Hong Kong) Limited	Interior design consultancy	Project-based designer	During 2004
WDA Group Limited	Architectural design, interior design consultancy	Architectural assistant	2004 to 2005
Aceway International Limited	Trading services of toys and gifts	Director	2005 to 2010

In 2009, Mr. Ng co-founded 4N Limited, a company engaged in the provision of interior design and architecture services. Mr. Ng has been involved in the interior design projects for various clients such as catering group and property developers.

Mr. Ng has been a professional member of Hong Kong Interior Design Association since August 2013 and a committee member of Hong Kong Institute of Architects (ARCASIA/CAA Committee, External Affairs) from January 2012 to December 2015.

Mr. WU Wai Ki (胡惠基) (“**Mr. Wu**”), aged 42, was appointed as our independent non-executive Director on 20 December 2016. Mr. Wu is serving on the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Wu is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of our Company.

Mr. Wu graduated from the Chinese University of Hong Kong with a Bachelor of Social Science Degree in Economics in July 1999. Mr. Wu joined Kwok Tai Screws Manufactory Limited as marketing director in April 2002 and has been its director since 2005. Mr. Wu has also been a director of Republic G Limited since 2010. He had worked as

DIRECTORS AND SENIOR MANAGEMENT

president from January 2006 to December 2006 and national president from January 2013 to December 2013 of Junior Chamber International Hong Kong Limited. Mr. Wu has also been a member of the Council on Human Reproductive Technology in Hong Kong since April 2013.

Mr. Wu was a director of the following company incorporated in Hong Kong which was subsequently dissolved due to members' voluntary winding-up with details as follows:

Name of Company	Nature of business immediately prior to dissolution	Date of dissolution
2012 JCI Asia Pacific Hong Kong Conference Limited (2012香港亞太青商大會有限公司)	Ceased business	16 July 2014

Mr. Wu confirmed that there is no wrongful act on his part leading to the above dissolution of 2012 JCI Asia Pacific Hong Kong Conference Limited and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of 2012 JCI Asia Pacific Hong Kong Conference Limited. The company was solvent immediately prior to its dissolution.

Ms. TSANG Ngo Yin (曾傲嫻) (“**Ms. Tsang**”), aged 42, was appointed as our independent non-executive Director on 20 December 2016. Ms. Tsang is serving on the Audit Committee, the Remuneration Committee and the Nomination Committee. Ms. Tsang is responsible for providing independent judgment and advising on the issue of strategy, performance, resources and standard of conduct of our Company.

Ms. Tsang graduated from Simon Fraser University with a Bachelor of Business Administration Degree in September 1999. Ms. Tsang further obtained a Bachelor of Laws Degree from Tsinghua University in the PRC in July 2008, and a Postgraduate Certificate in International Corporate and Financial Law and a Master of Laws Degree from University of Wolverhampton in the United Kingdom in October 2013 and November 2014, respectively. Ms. Tsang has been the director of Good Talent Limited since April 2014. Ms. Tsang's working experience prior to joining Good Talent Limited includes the following:

Name of organisation	Principal business activity	Position	Period of service
Pacific C&B Development Corp. (a company in Canada)	Real estate development	Administrative manager and account	January 2000 to November 2000
CCIF CPA Limited (now merged into Crowe Horwath (HK) CPA Limited)	Auditing service, bookkeeping and accounting service	Semi-senior auditor	December 2000 to December 2003

DIRECTORS AND SENIOR MANAGEMENT

Name of organisation	Principal business activity	Position	Period of service
PricewaterhouseCoopers Hong Kong	Accountancy firm	Senior associate	December 2003 to August 2005
Hutchison International Limited	Ports services, properties and hotels, retail, infrastructure, energy, telecommunications, finance & investments and others	Officer of group management service	September 2005 to May 2007
Herbalife Asia Pacific (a subsidiary of Herbalife Ltd., which is listed on the New York Stock Exchange (stock code: HLF.NYSE)	Nutrition and direct-selling company	Regional internal audit manager Regional finance manager	May 2007 to March 2012 April 2012 to February 2014

Ms. Tsang has obtained the Certificate in International Financial Reporting from the Association of Chartered Certified Accountants in March 2013. Ms. Tsang is a member of the American Institute of Certified Public Accountants.

Save as disclosed in this prospectus, each of our Directors (i) had no interest in the Shares within the meaning of part XV of the SFO as at the Latest Practicable Date; (ii) is independent from, and not related to, any Directors, substantial shareholders, Controlling Shareholders, or senior management of our Company; and (iii) did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets forth certain information of the senior management of our Group:

Name	Age	Present position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
CHEUNG Ka Yan (張嘉欣)	39	Project director	8 July 2002	1 June 2006	Project planning and contract management
CHAN Ka Wai Cari (陳嘉慧)	30	Project secretary	15 August 2011	1 September 2014	Managing office administration and human resources
CHEUNG Ho (章昊)	38	Project manager	21 August 2008	1 May 2012	Managing A&A projects
POON Yau Cheung (潘柔翔)	38	Project manager	2 June 2008	1 May 2012	Managing fitting-out and renovation projects
KWOK Man Ho (郭文浩)	40	Financial manager	1 April 2016	1 April 2016	Managing financial and accounting matters

Mr. CHEUNG Ka Yan (張嘉欣) (“Mr. Cheung”), aged 39, is the project director and the co-founder of our Group. Mr. Cheung is responsible for project planning and contract management. Mr. Cheung is an authorised signatory and a technical director for Ample Construction on the Register of General Building Contractors of the Buildings Department. Mr. Cheung is also a director of all subsidiaries of our Company. Mr. Cheung obtained a Bachelor of Science Degree in Construction Management from the University of Wolverhampton, the United Kingdom in October 2004. Mr. Cheung has around 17 years of experience in the construction industry. Mr. Cheung’s working experience prior to founding our Group includes the following:

Name of organisation	Principal business activity	Position	Period of service
Islands District Office of Home Affairs Department	N/A	Temporary works supervisor II	June 1999 to November 1999
Water Supplies Department	N/A	Contract works supervisor (Civil)	November 1999 to March 2000
Hong Kong Housing Authority	N/A	Contract works supervisor II (Civil)	March 2000 to June 2005

DIRECTORS AND SENIOR MANAGEMENT

Name of organisation	Principal business activity	Position	Period of service
Cristalla Designs and Contracting Ltd.	Decoration, repair & maintenance works, interior fitting out/contracting services	Assistant project manager	June 2005 to August 2005
Fuji (China) Decoration & Eng. Co., Ltd.	Interior fitting out/contracting service, interior design consultancy, interior fitting design services	Assistant project manager	August 2005 to June 2006

Mr. Cheung is the spouse of Ms. Wong.

Ms. CHAN Ka Wai Cari (陳嘉慧) (“**Ms. Chan**”), aged 30, is the project secretary of our Group. Ms. Chan is responsible for managing office administration and human resources. Ms. Chan joined our Group in August 2011 and was promoted to the current position in September 2014. Ms. Chan obtained a Certificate in Marketing Management in May 2015 and an Advanced Certificate in Administrative and Management Skills in September 2015 from The Hong Kong Management Association. Ms. Chan’s working experience prior to joining our Group includes the following:

Name of organisation	Principal business activity	Position	Period of service
Shun Tat Express Company	Cross border trucking company	Courier	January 2004 to December 2004
Goldbase Steel Company Limited	Steel processing	Clerk	August 2005 to April 2009
Anken Consulting Limited	Accountancy firm	Administrative assistant	June 2009 to August 2011

Mr. CHEUNG Ho (章昊), aged 38, is the project manager of our Group. Mr. Cheung Ho is responsible for managing A&A projects. Mr. Cheung Ho joined our Group in August 2008 and was promoted to the current position in May 2012. Mr. Cheung Ho obtained a Bachelor of Science Degree in Building Surveying from the Heriot-Watt University, United Kingdom in June 2012 through distance learning. Prior to joining our Group, Mr. Cheung Ho worked in the Buildings Department as survey officer from November 2001 to September 2008.

Mr. POON Yau Cheung (潘柔翔) (“**Mr. Poon**”), aged 38, is the project manager of our Group. Mr. Poon is responsible for managing fitting-out and renovation projects. Mr. Poon joined our Group in June 2008 and was promoted to the current position in May 2012. Mr. Poon obtained a Bachelor of Science Degree in Engineering – Building Services from

DIRECTORS AND SENIOR MANAGEMENT

West Coast Institute of Management & Technology, Australia in December 2008 and a Bachelor of Science in Building Surveying from the Heriot-Watt University, the United Kingdom in June 2012 both through distance learning. In September 2015, Mr. Poon further obtained a Master of Science in Project Management from the Hong Kong Polytechnic University. Prior to joining our Group, Mr. Poon worked in Sanfield (Management) Ltd as an assistant land surveyor from September 2000 to June 2008.

Mr. KWOK Man Ho (郭文浩) (“**Mr. Kwok**”), aged 40, is the financial manager of our Group, responsible for managing financial and accounting matters. Mr. Kwok joined our Group in April 2016. Mr. Kwok obtained a Bachelor Degree in Business Administration from American Central University, United States of America in January 2007 and a Master Degree in Business Administration from Rochville University, United States of America in September 2008, both through distance learning. Mr. Kwok also obtained the Certificates of Accounting (3rd Level), Management Accounting (3rd Level) and Cost Accounting (3rd level) awarded by the London Chamber of Commerce and Industry since April 1999, January 2000 and April 2000, respectively. Mr. Kwok has more than 20 years of experience in the accounting field, including the following:

Name of organisation	Principal business activity	Position	Period of service
Wilson Ho & Co. CPA	Auditing service, bookkeeping and accounting service	Accounting assistant	October 1994 to July 1995
Precieux Garment Factory Ltd.	Manufacturer of suits & jackets, children’s wear, denim garments, high fashion wear and babies’ wear	Assistant accountant	December 1996 to April 1999
Creative Technology Consultancy	Accounting and software	Accountant	May 1999 to February 2004
Mike & Kremmel Ltd	Exporter of kitchen utensils and household products	Accounting manager	March 2004 to February 2016

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. YIM Sau Ping (嚴秀屏) (“**Ms. Yim**”), aged 34, graduated from The Hong Kong Polytechnic University with a Bachelor of Arts Degree in Accountancy in December 2007 and has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since January 2010. She has accumulated more than 8 years of experience in accounting, auditing and financial management. Ms. Yim was appointed as our Company’s secretary on 8 August 2016.

Ms. Yim’s working experience prior to joining our Group includes the following:

Name of organisation	Principal business activity	Position	Period of service
JC Group Holdings Limited (now known as “Tonking New Energy Group Holdings Limited”) (stock code; 8326), a company listed on GEM	Food & beverage group	Company secretary	April 2012 to December 2013
		Accounting manager	November 2013 to December 2013
Ngai Shun Holdings Limited (stock code: 1246), a company listed on the Main Board of the Stock Exchange	Foundation subcontractor	Company secretary	October 2014 to May 2015
		Financial controller	October 2014 to August 2015

She is currently the director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services.

COMPLIANCE OFFICER

Ms. Wong is the compliance officer of our Company. For her biographical details, please refer to the paragraph headed “Executive Directors” in this section.

COMPLIANCE ADVISER

Our Company has appointed Frontpage Capital as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules and Frontpage Capital assumes responsibility for acting as our Company’s compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise our Company in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;

DIRECTORS AND SENIOR MANAGEMENT

- (2) where a transaction, which might be a notifiable or connected transaction under the GEM Listing Rules, is contemplated including share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of Placing in a manner different from that detailed in this prospectus or where the business activities, development or results of our Company deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The term of appointment shall commence on the Listing Date and end on the date on which our Company distributes the annual report of its financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

Except for (i) Frontpage Capital's role as the sponsor in relation to the Listing; (ii) the compliance adviser agreement entered into between our Company and Frontpage Capital; and (iii) the Underwriting Agreement pursuant to which Frontpage Capital has the capacity as the Joint Bookrunners and Joint Lead Managers, Frontpage Capital does not have any other contractual arrangement with our Group as at the Latest Practicable Date.

AUDIT COMMITTEE

Our Group has established the Audit Committee on 23 December 2016 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code (the "**Corporate Governance Code**") as set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The Audit Committee comprises three members, namely Ms. Tsang Ngo Yin, Mr. Ng Man Wai and Mr. Wu Wai Ki, of whom Ms. Tsang Ngo Yin is the chairman of the Audit Committee.

REMUNERATION COMMITTEE

Our Company has established the Remuneration Committee on 23 December 2016 with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code. The Remuneration Committee comprises three members namely Ms. Tsang Ngo Yin, Mr. Wu Wai Ki and Ms. Wong. Mr. Wu Wai Ki is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, amongst other things, to make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and on our Group's policy and structure for all remuneration of Directors and senior management.

DIRECTORS AND SENIOR MANAGEMENT

NOMINATION COMMITTEE

Our Company has established the Nomination Committee on 23 December 2016 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code. The Nomination Committee comprises three members, namely Ms. Wong, Ms. Tsang Ngo Yin and Mr. Wu Wai Ki. Ms. Wong is the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code and the associated GEM Listing Rules. In order to comply with the requirements under the Listing Rules, in particular, the code provisions contained in the Corporate Governance Code, we have adopted the following measures as at the Latest Practicable Date:

- (i) we have established the Audit Committee, Remuneration Committee and Nomination Committee on 23 December 2016 with respective written terms of reference in accordance with the code provisions contained in the Corporate Governance Code. Further information is set out in the paragraphs headed “Audit Committee”, “Remuneration Committee” and “Nomination Committee” in this section;
- (ii) our Board has adopted the terms of reference with regard to corporate governance and a shareholder’s communication policy in accordance with the code provision of the Corporate Governance Code.
- (iii) we will arrange appropriate insurance cover on our Directors’ liabilities in respect of legal actions against our Directors arising out of corporate activities before Listing;
- (iv) we have appointed three independent non-executive Directors representing more than one-third of our Board and at least one of them has accounting expertise;
- (v) the chairman of our Board is Ms. Wong whereas the chief executive officer of our Company is Mr. Lam. The roles of the chairman of our Board and the chief executive officer will be separate and distinct;
- (vi) our Directors will operate in accordance with the Articles which require the interested Director not to vote or be vaunted in the quorum on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested;
- (vii) our Directors, including the independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our cost;

DIRECTORS AND SENIOR MANAGEMENT

- (viii) our Company has adopted a comprehensive compliance manual covering legal and regulatory compliance with reference of the Corporate Governance Code;
- (ix) our Company will consider engaging an independent internal control consultant to perform regular review on corporate governance to ensure on-going compliance after Listing; and
- (x) our Directors will attend professional development seminar including but not limit to the corporate governance to ensure on-going compliance after Listing.

Our Company is expected to comply with the Corporate Governance Code which sets out the principles of good corporate governance in relation to, among others, our Directors, chairman of our Board and chief executive officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communication with our Shareholders. Our Board will review our Company's policies and practices on corporate governance from time to time. Our Company will state in our interim and annual reports whether we have complied with the Corporate Governance Code, and will provide details of, and reason for, any deviations from it in the corporate governance report which will be included in our annual reports.

DIRECTORS AND SENIOR MANAGEMENT'S REMUNERATION

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) which were paid to our Directors for each of the two years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 were approximately HK\$1,312,000, HK\$1,784,000 and HK\$444,000, respectively.

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) which were paid to the above senior management of our Group for each of the two years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 were approximately HK\$2,621,000, HK\$2,876,000 and HK\$848,000, respectively.

The aggregate amount of contributions to retirement benefits scheme paid by our Group to our Directors for each of the two years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 were approximately HK\$22,000, HK\$44,000 and HK\$9,000, respectively.

Our Company's policy concerning the remuneration of our Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload, performance and the time devoted to our Group. Further details of the remuneration of our Directors are set out in the paragraph headed "Further information about substantial Shareholders, Directors and experts – remuneration of Directors" in Appendix IV to this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

Our Group's five highest paid individuals for each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 included one Director and four individuals who were not Directors. The emoluments paid to these four individuals for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 were approximately HK\$2,963,000, HK\$3,206,000 and HK\$789,000, respectively. During the Track Record Period, no emolument was paid by our Group to any of our Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived any emoluments during the Track Record Period.

Except as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of our Directors.

For additional information on our Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 10 in the Accountants' Report set out in Appendix I to this prospectus.

MANDATORY PROVIDENT FUND SCHEME

Our Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and our Directors confirm that our Group has made the relevant contributions in accordance with the aforesaid laws and regulations. Save for the aforesaid, our Group did not participate in any other pension schemes during the Track Record Period.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of the Shareholders of our Company passed on 23 December 2016. The purpose of the Share Option Scheme is to enable our Company to grant options to select participants as incentives or rewards for their contribution to it. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. This will be in accordance with Chapter 23 of the GEM Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus.

SHARE CAPITAL

SHARE CAPITAL

The share capital of our Company immediately following completion of the Capitalisation Issue and the Placing is set out in the table below. The table is prepared on the basis of the Placing becoming unconditional and the issue of Placing Shares pursuant thereto is made as described herein. It takes no account of any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

HK\$

Authorised share capital:

<u>2,000,000,000</u>	Shares of HK\$0.01 each	<u>20,000,000</u>
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Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Placing:

20,000	Shares in issue as at the date of this prospectus	200
839,980,000	Shares to be issued pursuant to the Capitalisation Issue	8,399,800
<u>280,000,000</u>	Shares to be issued pursuant to the Placing	<u>2,800,000</u>

Total:

<u>1,120,000,000</u>	Shares	<u>11,200,000</u>
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MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. The 280,000,000 Placing Shares represent 25% of the issued share capital of our Company upon Listing.

RANKING

The Placing Shares will be identical in all respects with all the Shares now in issue or to be allotted and issued as mentioned in this prospectus and will qualify for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the Listing Date.

SHARE CAPITAL

CAPITALISATION ISSUE

Pursuant to the resolutions of our Shareholders passed on 23 December 2016, subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the Placing, our Directors are authorised to allot and issue a total of 839,980,000 Shares credited as fully paid at par to the holder(s) of Shares on the register of members of our Company at the close of business on 23 December 2016 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK\$8,399,800 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank identical in all respects with the existing issued Shares.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the major terms of which are set out in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Placing becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a right issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Placing (not including Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme); and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares referred to in the paragraph headed “Repurchase mandate” below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;

SHARE CAPITAL

- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders at a general meeting.

For further details of this general mandate, please refer to the sub-paragraph headed “Written resolutions of the existing Shareholders passed on 23 December 2016” under the paragraph “Further information about our Company” in Appendix IV to this prospectus.

REPURCHASE MANDATE

Subject to the Placing becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue following the completion of the Capitalisation Issue and the Placing (without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchase made on GEM, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “Further information about our Company – Repurchase of shares by our Company” in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable law of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in annual general meeting.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in “Appendix III – Summary of the Constitution of our Company and Cayman Islands Company Law” to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, the following persons will, immediately following completion of the Capitalisation Issue and the Placing (without taking into account any Shares which may be taken up under the Placing, and Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries:

Long position in the Shares

Name	Capacity/nature	Number of Shares held/ interested immediately following completion of the Capitalisation Issue and the Placing	Percentage of shareholding immediately following completion of the Capitalisation Issue and the Placing
Heavenly White	Beneficial owner	420,000,000	37.5%
Mr. Cheung (<i>note 1</i>)	Interest of controlled corporation	420,000,000	37.5%
Ms. Wong (<i>note 2</i>)	Interest of spouse	420,000,000	37.5%
Summer Unicorn	Beneficial owner	420,000,000	37.5%
Mr. Lam (<i>note 3</i>)	Interest of controlled corporation	420,000,000	37.5%
Ms. Ngai Suet Ling (<i>note 4</i>)	Interest of spouse	420,000,000	37.5%

Notes:

1. Mr. Cheung beneficially owns the entire issued share capital of Heavenly White. Therefore, Mr. Cheung is deemed, or taken to be, interested in all the Shares held by Heavenly White for the purpose of the SFO. Mr. Cheung is the sole director of Heavenly White.
2. Ms. Wong is the spouse of Mr. Cheung. Under the SFO, Ms. Wong is deemed to be interested in the same number of Shares in which Mr. Cheung is interested.
3. Mr. Lam beneficially owns the entire issued share capital of Summer Unicorn. Therefore, Mr. Lam is deemed, or taken to be, interested in all the Shares held by Summer Unicorn for the purpose of the SFO. Mr. Lam is the sole director of Summer Unicorn.
4. Ms. Ngai Suet Ling is the spouse of Mr. Lam. Under the SFO, Ms. Ngai Suet Ling is deemed to be interested in the same number of Shares in which Mr. Lam is interested.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Placing (without taking into account any Shares which may be taken up under the Placing, and Shares to be issued upon exercise of any option which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandate as referred to in the paragraph headed “Further information about our Company” in Appendix IV to this prospectus), have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries.

FINANCIAL INFORMATION

You should read this section in conjunction with our audited combined financial information, including the notes thereto, as set out in the Accountants' Report in Appendix I to this prospectus. Our combined financial information have been prepared in accordance with HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and development will meet our expectations and projections depend on a number of risks and uncertainties over which we do not have control. For further information, please refer to the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a main contractor capable of (i) interior fitting-out and renovation services; and (ii) A&A works for residential, industrial and commercial properties in Hong Kong. We have been running our business since 2005 and gained extensive experience and reputation in the industry. Ample Construction, our principal operating subsidiary for the contracting businesses, has been registered as the Registered General Building Contractor under the Building Authority since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance.

Our fitting-out and renovation services mainly include interior fitting-out and renovation works for shops and offices in commercial and industrial properties and residential premises. For A&A works, our scope of works during the Track Record Period was generally structural alterations, structural steel, signage works, building maintenance, refurbishment works and ground improvement. Ample Design, our design department, provides interior design services to clients and derived a small portion of revenue to our Group during the Track Record Period. The following table summarises our revenue by type of services breakdown:

	For the year ended 31 March				For the three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
					(unaudited)			
Fitting-out and renovation services	98,247	73.3	94,644	67.3	23,321	76.9	19,607	64.8
A&A works	32,697	24.4	39,130	27.8	6,801	22.4	8,667	28.7
Interior design services	3,103	2.3	6,945	4.9	220	0.7	1,978	6.5
Total	<u>134,047</u>	<u>100</u>	<u>140,719</u>	<u>100</u>	<u>30,342</u>	<u>100</u>	<u>30,252</u>	<u>100</u>

FINANCIAL INFORMATION

For the years ended 31 March 2015 and 2016, our net profit decreased slightly from approximately HK\$10,406,000 to approximately HK\$10,067,000, representing a decline of approximately 3.3%. If the effect of the listing expenses, approximately HK\$4,512,000 of which was charged to profit or loss for the year ended 31 March 2016, were not taken into account and for illustration purpose only, our net profit for the year ended 31 March 2016 would have increased by approximately 40.1% as compared to the year ended 31 March 2015. For the three months ended 30 June 2016, our net profit increased from approximately HK\$2,807,000 to approximately HK\$4,385,000 for the same period in 2015, representing a growth of approximately 56.2%.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 11 February 2016 as an exempted company with limited liability.

Throughout the Track Record Period, the entities of our Group were collectively controlled by Mr. Cheung and Mr. Lam. Through the Reorganisation, details of which are set out in the section headed “History, Development and Reorganisation” in this prospectus, our Company became the holding company of the companies now comprising our Group on 20 December 2016. Accordingly, for the purposes of preparing the combined financial statements of our Group for the Track Record Period, our Company has been considered as the holding company of the companies now comprising our Group throughout the Track Record Period. Our Group comprising our Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Our Group was under the control of the Controlling Shareholders prior to and after the Reorganisation.

The combined financial statements of our Group for the Track Record Period have been prepared as if our Company had been the holding company of our Group throughout the Track Record Period in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period, which include the results, changes in equity and cash flows of our Group, have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position as at the respective reporting dates have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure had been in existence at those dates.

The combined financial statements of our Group are presented in HK\$, which is the same as the functional currency of our Company.

FINANCIAL INFORMATION

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Our results of operations and financial condition have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in the section headed “Risk Factors” in this prospectus and those set out below:

Market demand for fitting-out and renovation, and A&A works

Our operations and management are currently located in Hong Kong. The future growth and level of profitability of the fitting-out and renovation, A&A industry in Hong Kong are likely to depend primarily upon the continuing demand of fitting-out and renovation, A&A works. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors, in particular, customer expenditure on the fitting-out and renovation, A&A works and the general conditions and prospects of the economy of Hong Kong. These factors may affect the general demand of fitting-out and renovation, A&A projects from public sector and private sector. Should there be a recurrence of recession in Hong Kong, deflation or any changes in Hong Kong’s currency policy, or should the demand for fitting-out and renovation, A&A works in Hong Kong deteriorate, our operations and profits could be adversely affected.

Our ability to maintain a continuing flow of projects

A majority of our fitting-out, renovation and A&A projects were awarded after going through a competitive bidding process in which we believe our competitors will submit tenders and quotations along with ours. Our future income is therefore dependent on the ability to maintain a continuing flow of new projects while we complete existing projects on hand. In general, our fitting-out, renovation and A&A projects are non-recurring in nature and we need to pursue new customers for future business who may have different pre-requisite requirements in selecting contractors. Even if we are able to meet the pre-requisite requirements for tendering specific projects or invited for submitting quotations, there is no assurance that we would be invited to or would be made aware of the tender process or that the terms and conditions of the new contracts would be comparable to the existing contracts, or our tenders would ultimately be selected by customers. In the competitive bidding process, we may have to lower our contract prices or offer more favourable terms to our customers to enhance the competitiveness of our tenders or quotations. If we are unable to obtain new contracts continuously, our business, financial conditions and results of operations may be materially and adversely affected.

Pricing of our projects

Our Directors determine the tender price or quotations by adopting the cost-plus approach, whereby we estimate the total cost of the projects and add a profit margin on top. Please refer to the section headed “Business – Operating procedures – Pricing of our quotations” of this prospectus for information on our cost-plus approach in determining our price. The profit margin would affect the competitiveness of our tenders as well as our profitability if the tender is subsequently awarded to our Group.

FINANCIAL INFORMATION

Accuracy of estimating cost and time in preparing our tenders and fluctuation in direct costs

In order to determine our tender price or quotation, we firstly estimate the cost and time to be involved in the project. Although we use our best endeavours by taking into account all available information to estimate the cost and time as we consider them accurate, material deviation in actual cost can still happen due to (i) significant variations instructed by the client; (ii) adverse weather condition; (iii) accidents; (iv) adverse site conditions; (v) departure of key project management personnel; and (vi) delay or default by our suppliers or subcontractors, which may be out of our Group's control. In addition, most of our projects are lump sum contracts, i.e. our Group will have to bear all fluctuations of our labour and materials costs from the projects commencement to their completion, and we normally finalise our engagements with our suppliers and subcontractors after we are engaged by our customers, subcontracting costs and materials price quoted by our suppliers and subcontractors may still be subject to adverse change until we enter into binding agreements with them. Any material departure from our original estimation in time and costs for a project may lead to cost overruns and adversely affect our financial condition and profitability.

We have in the past relied on and expect to continue to rely on our subcontractors and materials suppliers to complete most of the works and deliver materials for our projects. Our direct costs mainly include subcontracting and materials costs, which amounted to approximately HK\$107,631,000, HK\$99,348,000 and HK\$19,211,000 or 93.4%, 89.7% and 85.9% of our total direct costs for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, respectively. We cannot assure you that there will not be any fluctuations in the subcontracting and materials costs during such period in the future, the occurrence of which may materially and adversely affect our business, financial conditions and results of operations.

Collectability and timing of collection of our trade and retention receivables

We are inherently subject to credit risk from our customers and we cannot assure you our customers will settle our invoices on time and in full. In certain of our fitting-out, renovation and A&A projects, a small percentage of our invoiced amount is kept by our customers as retention money which will only be remitted to us after completion of the project and the applicable defects liability period lapses. There can be no assurance that the retention money will be remitted by our customers to us on a timely basis and in full as well. Any late payment, whether arising from payment practice of our customers or delay in completion of the project, may adversely affect our cashflow and liquidity.

FINANCIAL INFORMATION

Sensitivity analysis

The following sensitivity analysis illustrates the impact of hypothetical changes, based on historical fluctuations during the Track Record Period, in subcontracting and materials costs under direct costs for the respective periods during the Track Record Period:

Hypothetical fluctuations

	-17.7%	-7.7%	7.7%	17.7%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(Decrease)/increase in the subcontracting and material costs</i>				
For the year ended 31 March 2015	(19,051)	(8,288)	8,288	19,051
For the year ended 31 March 2016	(17,585)	(7,650)	7,650	17,585
For the three months ended 30 June 2016	(3,400)	(1,479)	1,479	3,400
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Increase/(decrease) in profit after income tax</i>				
For the year ended 31 March 2015	15,907	6,920	(6,920)	(15,907)
For the year ended 31 March 2016	14,683	6,388	(6,388)	(14,683)
For the three months ended 30 June 2016	2,839	1,235	(1,235)	(2,839)

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Our combined financial information has been prepared in accordance with HKFRSs. We have identified certain accounting policies that are critical to the preparation of our financial information. These accounting policies are important for an understanding of our financial position and results of operations and are set forth in Note 3 of Section A of the Accountants' Report in Appendix I to this prospectus.

FINANCIAL INFORMATION

In addition, the preparation of the financial information requires our management to make significant and subjective estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016. However, uncertainties about these assumptions, estimates and judgments could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities affect in the future. These key assumptions and estimates are set forth in Note 4 of Section A of the Accountants' Report in Appendix I to this prospectus.

We believe the following critical accounting policies and accounting estimates involve the most significant or subjective judgments and estimates used in the preparation of the financial information.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from fitting-out, renovation, A&A works service income is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to value of work performed. For the projects which we submit monthly payment application, we recognise revenue to the extent which our works are approved or certified by our customers with reference to the value of works in our payment application. For the projects with milestone payments, we recognise revenue to the extent that after we issue invoice upon achieving the respective project milestone.

Interior design services income is recognised when the services have been rendered.

Construction contracts

Please refer to the paragraph headed "Construction contracts" in Note 3 to the Section A of the Accountants' Report as set out in Appendix I to this prospectus.

Allowance for trade and other receivables

We make impairment loss for doubtful debts based on an assessment of the recoverability of trade and other receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates based on the creditworthiness and the past collection history of each customer. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the period in which such estimate has been changed.

FINANCIAL INFORMATION

For the years ended 31 March 2015 and 2016 and for the three months ended 30 June 2016, we recognised impairment loss on trade receivables amounted to approximately HK\$587,000, HK\$718,000 and HK\$312,000, respectively.

Fitting-out, renovation and A&A contracts

Our Group reviews and revises the estimates of budgeted costs for each fitting-out, renovation and A&A contract as it progresses. Budgeted costs are prepared by the management on the basis of quotations provided by subcontractors and materials suppliers, their experience of similar projects on the initial start-up costs involved for the project and the wages of our project management team directly relate to the projects. Our management periodically reviews and updates the budgeted costs with reference to the actual costs incurred up-to-date. Such significant estimate may have an impact on the profit or loss recognised in each period.

Recognised revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going project. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each reporting period, which would affect the revenue and profit or loss recognised in future years as an adjustment to the amounts recorded to date.

Other significant accounting policies, estimates and judgments

Please refer to Notes 3 and 4 to Section A of the Accountants' Report in Appendix I to this prospectus for other significant accounting policies and estimates applied in preparing our combined financial statements.

FINANCIAL INFORMATION

RESULTS OF OPERATIONS OF OUR GROUP

Set forth below are a summary of our Group's combined statements of profit or loss and other comprehensive income for the periods indicated, extracted from the Accountants' Report included as Appendix I to this prospectus.

	For the year ended 31 March		For the three months ended 30 June	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Revenue	134,047	140,719	30,342	30,252
Direct costs	<u>(115,280)</u>	<u>(110,777)</u>	<u>(25,137)</u>	<u>(22,371)</u>
Gross profit	18,767	29,942	5,205	7,881
Other income, other gains and losses, net	210	(962)	14	(285)
Administrative and other operating expenses	(6,471)	(15,818)	(1,767)	(2,375)
Finance costs	<u>(105)</u>	<u>(137)</u>	<u>(40)</u>	<u>(63)</u>
Profit before tax	12,401	13,025	3,412	5,158
Income tax expense	<u>(1,995)</u>	<u>(2,958)</u>	<u>(605)</u>	<u>(773)</u>
Profit and total comprehensive income for the year/period	<u>10,406</u>	<u>10,067</u>	<u>2,807</u>	<u>4,385</u>
Profit/(loss) and total comprehensive income/ (expense) for the year/ period attributable to:				
Owners of our Company	10,545	9,957	2,900	4,385
Non-controlling interests	<u>(139)</u>	<u>110</u>	<u>(93)</u>	<u>–</u>
	<u>10,406</u>	<u>10,067</u>	<u>2,807</u>	<u>4,385</u>

FINANCIAL INFORMATION

DESCRIPTION OF SELECTED COMPONENTS OF OUR COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our revenue is principally generated from provision of (i) interior fitting-out and renovation services; and (ii) A&A works for residential, industrial and commercial properties in Hong Kong. During the Track Record Period, we completed a total of 74 fitting-out and renovation projects and 132 A&A projects. As at the Latest Practicable Date, our Group had 14 fitting-out and renovation projects and 23 A&A projects on hand. We also derive a small portion of our revenue from providing interior design services. The following table summarises our revenue breakdown:

	For the year ended 31 March				For the three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Fitting-out and renovation services	98,247	73.3	94,644	67.3	23,321	76.9	19,607	64.8
A&A works (Note)	32,697	24.4	39,130	27.8	6,801	22.4	8,667	28.7
Interior design services	3,103	2.3	6,945	4.9	220	0.7	1,978	6.5
Total	134,047	100	140,719	100	30,342	100	30,252	100

Note: Revenue of our A&A works during the Track Record Period included two contracts relating to the site formation and construction of small houses in a village in the New Territories which are categorised as A&A works and were commenced in the year ended 31 March 2015 and completed in the year ended 31 March 2016. Revenue recognised for these projects amounted to approximately HK\$11,149,000, HK\$1,450,000 and HK\$nil for the years ended 31 March 2015 and 2016 and three months ended 30 June 2016, respectively.

Generally, we conduct our project works in premises which are either in the residential or commercial and industrial sector. The following table sets forth a summary of our revenue generated from the sector where our projects belong to:-

	For the year ended 31 March				For the three months ended 30 June			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Residential	24,061	17.9	23,761	16.9	3,404	11.2	11,984	39.6
Commercial and industrial	109,986	82.1	116,958	83.1	26,938	88.8	18,268	60.4
Total	134,047	100	140,719	100	30,342	100	30,252	100

FINANCIAL INFORMATION

Revenue from residential projects represented approximately 17.9%, 16.9% and 39.6% of our total revenue, respectively, while revenue from commercial and industrial projects represented approximately 82.1%, 83.1% and 60.4% of our total revenue for each of the years ended 31 March 2015 and 2016 and for the three months ended 30 June 2016, respectively.

Revenue from fitting-out and renovation works

The following table sets out the list of major projects with contract sum⁽¹⁾ above HK\$5 million in relation to fitting-out and renovation works carried out by us, which includes the details of each project such as the revenue recognised during the Track Record Period and the percentage of completion by reference to the stage of completion of the contract, which is established according to the ratio of revenue recognised to total contract sum (including the value of any variation order), as at 30 June 2016:

No.	Project	Project sector	Revenue for the year ended 31 March		Revenue for the three months ended 30 June 2016	Total revenue recognised during the Track Record Period	Percentage of completion as at 30 June 2016
			2015 HK\$'000	2016 HK\$'000	2016 HK\$'000	HK\$'000	%
1	P804	Commercial and industrial	4,171	1,594	–	5,765	100%
2	P827	Commercial and industrial	11,343	–	500	11,843	100%
3	P852	Commercial and industrial	16,292	3,386	638	20,316	100%
4	P859	Commercial and industrial	13,170	8,282	–	21,452	100%
5	P871	Commercial and industrial	33,636	5,650	803	40,089	92.7%
6	P914	Commercial and industrial	–	28,773	–	28,773	87.9%
7	P961	Commercial and industrial	–	6,559	6,111	12,670	24.4%
8	P966	Commercial and industrial	–	18,492	1,159	19,651	100%
9	P1021	Residential	–	–	2,763	2,763	50.0%

1. Contract sum represents the aggregate contract sum of the initial contract and subsequent variation orders, if any, as agreed between our Group and the customer up to the Latest Practicable Date.

FINANCIAL INFORMATION

Revenue from A&A works

The following table sets out the list of major projects with contract sum⁽¹⁾ above HK\$5 million in relation to A&A works carried out by us, which includes the details of each project such as the revenue recognised during the Track Record Period and the percentage of completion by reference to the stage of completion of the contract, which is established according to the ratio of revenue recognised to total contract sum (including the value of any variation order), as at 30 June 2016:

No.	Project	Project sector	Revenue for the year ended 31 March		Revenue for the three months ended 30 June HK\$'000	Total revenue recognised during the Track Record Period HK\$'000	Percentage of completion as at 30 June 2016 %
			2015 HK\$'000	2016 HK\$'000			
1	P749	Residential	2,930	–	–	2,930	100%
2	P863	Residential	8,757	1,450	–	10,207	100%
3	P876	Commercial and industrial	7,113	17,254	–	24,367	88.4%
4	P927	Residential	–	7,548	202	7,750	95.4%
5	P1006	Residential	–	–	2,046	2,046	20.1%

We also derived a small portion of our revenue from providing interior design services. Interior design services accounted for approximately HK\$3,103,000, HK\$6,945,000 and HK\$1,978,000 or 2.3%, 4.9% and 6.5% of our total revenue for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, respectively.

Direct costs

Our Group's direct costs comprised (i) direct labour costs; (ii) subcontracting and materials costs; and (iii) other direct costs. The following table sets out the breakdown of our Group's direct costs during the Track Record Period:

	For the year ended 31 March		For the three months ended 30 June	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
Direct labour costs	4,720	5,257	1,056	1,281
Subcontracting and materials costs	107,631	99,348	23,343	19,211
Other miscellaneous direct costs	2,929	6,172	738	1,879
	<u>115,280</u>	<u>110,777</u>	<u>25,137</u>	<u>22,371</u>

1. Contract sum represents the aggregate contract sum of the initial contract and subsequent variation orders, if any, as agreed between our Group and the customer up to the Latest Practicable Date.

FINANCIAL INFORMATION

Direct labour costs

Direct labour costs mainly represent the compensation and benefits provided to the staff of our project team and design department. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, our direct labour costs amounted to approximately HK\$4,720,000, HK\$5,257,000 and HK\$1,281,000, respectively, representing approximately 4.1%, 4.7% and 5.7% of our total direct costs for the corresponding period, respectively.

Subcontracting and materials costs

Our suppliers are broadly categorised into (i) materials suppliers; and (ii) subcontractors. Subcontracting and materials costs represent the costs incurred by our suppliers in the course of our fitting-out, renovation and A&A projects.

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, our subcontracting and materials costs amounted to approximately HK\$107,631,000, HK\$99,348,000 and HK\$19,211,000, respectively, representing approximately 93.4%, 89.7% and 85.9% of our total direct costs for the corresponding period, respectively.

Other miscellaneous direct costs

Other miscellaneous direct costs include less significant direct costs for carrying out the services undertaken by us, which mainly include insurance and medical expenses, consultancy fees, electricity and travelling expenses. For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, our other direct costs amounted to approximately HK\$2,929,000, HK\$6,172,000 and HK\$1,879,000, respectively, representing approximately 2.5%, 5.6% and 8.4% of our total direct costs for the corresponding period, respectively.

FINANCIAL INFORMATION

Gross profit and gross profit margin

The following table sets forth our gross profit and gross profit margin by service type for the periods indicated:

	For the year ended 31 March		For the three months ended 30 June	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
			(unaudited)	
Gross profit				
Fitting-out and renovation services	13,362	23,519	4,060	4,581
A&A works	4,534	2,948	1,383	2,156
Interior design services	871	3,475	(238)	1,144
Total	18,767	29,942	5,205	7,881
Gross profit margin				
Fitting-out and renovation services	13.6%	24.8%	17.4%	23.4%
A&A works	13.9%	7.5%	20.3%	24.9%
Interior design services	28.1%	50.0%	(108.2)%	57.8%
Overall	14.0%	21.3%	17.2%	26.1%

Other income, other gains and losses, net

Our other income comprises (i) bank interest income; (ii) dividend income from listed equity securities; (iii) interest income on deposits and prepayments for life insurance policies; and (iv) sundry income. Our other gains and losses, net comprises (i) gain or loss arising on change in fair value of derivative financial instruments; (ii) gain or loss on change in fair value of held-for-trading investments; and (iii) gain on disposal of plant and equipment.

FINANCIAL INFORMATION

Administrative and other operating expenses

For the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016, our administrative and other operating expenses amounted to approximately HK\$6,471,000, HK\$15,818,000 and HK\$2,375,000, respectively. The following table sets forth the breakdown of administrative and other operating expenses for the periods indicated:

	For the year ended 31 March		For the three months ended 30 June	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
			(unaudited)	
Salaries and other benefits	2,054	3,112	681	753
Directors' remuneration	1,312	1,784	444	444
Listing expenses	–	4,512	–	346
Depreciation	246	252	63	85
Impairment loss on trade receivables	587	718	77	312
Provision of legal claims	–	2,013	–	–
Legal and professional fee	165	1,181	44	184
Rent and rates	425	425	106	120
Others	1,682	1,821	352	131
	<u>6,471</u>	<u>15,818</u>	<u>1,767</u>	<u>2,375</u>

Finance costs

The following table sets out the finance costs of our Group during the Track Record Period:

	For the year ended 31 March		For the three month ended 30 June	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
			(unaudited)	
Interest on bank borrowings and overdrafts	80	124	37	49
Interest on finance leases	25	13	3	14
	<u>105</u>	<u>137</u>	<u>40</u>	<u>63</u>

FINANCIAL INFORMATION

Income tax

As all the profits of our Group are derived from Hong Kong, we are subject to Hong Kong Profits Tax. The statutory profits tax rate in Hong Kong was 16.5% on assessable profit during the Track Record Period. We have no tax payable in jurisdictions other than Hong Kong during the Track Record Period. Our income tax expense comprised current tax expense. Our effective tax rate during each of the years ended 31 March 2015, 2016 and the three months ended 30 June 2016 was approximately 16.1%, 22.7% and 15.0%, respectively.

Our effective tax rate was higher than the statutory tax rate for the year ended 31 March 2016 was mainly due to the non-deductibility of the listing expenses. The slightly lower effective tax rate for the year ended 31 March 2015 was mainly due to the over provision of the income tax expense for the prior year. For the three months ended 30 June 2016, our effective tax rate was lower than the statutory tax rate as Ample Design had unused tax losses which could offset its assessable profits generated during the period.

Our Directors confirm that they were not aware of any disputes/unresolved tax issues with any tax authorities as at the Latest Practicable Date.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three months ended 30 June 2016 compared to the three months ended 30 June 2015

Turnover

Our total revenue slightly decreased by approximately HK\$90,000, or 0.3%, from approximately HK\$30,342,000 for the three months ended 30 June 2015 to approximately HK\$30,252,000 for the three months ended 30 June 2016. Although revenue generated from A&A works and interior design services increased, such increase was not adequate to cover the decrease in revenue generated from fitting-out and renovation services.

FINANCIAL INFORMATION

In respect of our fitting-out and renovation segment, the following table sets forth the breakdown of our projects based on scales of respective revenue recognised for the three months ended 30 June 2015 and 2016:

Revenue recognised from fitting-out and renovation project	For the three months ended 30 June			
	2015		2016	
	<i>Number of projects</i>	<i>HK\$'000</i> (unaudited)	<i>Number of projects</i>	<i>HK\$'000</i>
More than HK\$5 million	2	13,592	1	6,111
More than HK\$1 million to HK\$5 million	2	6,510	5	8,441
HK\$1 million or less	13	3,219	20	5,055
	<u>17</u>	<u>23,321</u>	<u>26</u>	<u>19,607</u>

The decrease in revenue derived from our fitting-out and renovation services was mainly due to the decrease in number of sizeable projects carried out which individually brought revenue of over HK\$5 million to our Group for the three months ended 30 June 2016.

In respect of our A&A works segment, the following table sets forth the breakdown of our projects based on scales of respective revenue recognised for the three months ended 30 June 2015 and 2016:

Revenue recognised from A&A project	Three months ended 30 June			
	2015		2016	
	<i>Number of projects</i>	<i>HK\$'000</i> (unaudited)	<i>Number of projects</i>	<i>HK\$'000</i>
More than HK\$1 million	2	4,576	3	5,384
HK\$1 million or less	19	2,225	30	3,283
	<u>21</u>	<u>6,801</u>	<u>33</u>	<u>8,667</u>

The increase in revenue derived from A&A works for the three months ended 30 June 2016 was mainly driven by the increase in number of A&A projects carried out during the period.

Our revenue generated from interior design services increased by approximately HK\$1,758,000, or 799.1% from approximately HK\$220,000 for the three months ended 30 June 2015 to approximately HK\$1,978,000 for the three months ended 30 June 2016. The number of interior design projects carried out during the respective period increased from 5 for the three months ended 30 June 2015 to 10 for the three months ended 30 June 2016.

FINANCIAL INFORMATION

Direct costs

Our direct costs decreased by approximately HK\$2,766,000 or approximately 11.0% from approximately HK\$25,137,000 for the three months ended 30 June 2015 to approximately HK\$22,371,000 for the three months ended 30 June 2016, which was in line with the drop in total revenue for the respective period. In particular, our subcontracting and materials costs decreased from approximately HK\$23,343,000 for the three months ended 30 June 2015 to approximately HK\$19,211,000 for the three months ended 30 June 2016, as (i) the revenue recognised from our fitting-out and renovation projects, and hence the corresponding value of works subcontracted, decreased; and (ii) our effective cost control.

Gross profit and gross profit margin

Our total gross profit increased by 51.4% from approximately HK\$5,205,000 for the three months ended 30 June 2015 to approximately HK\$7,881,000, for the three months ended 30 June 2016. Such increase was mainly attributable to (i) the increase in the number of projects generated revenue during the period; (ii) different project profit margin we charged to different clients; and (iii) effective cost control of our projects as our project cost mark up margin includes project contingent cost which may or may not be incurred, and to avoid the incurring of the project contingent cost, we strengthened our project management team by increasing project staff during the year ended 31 March 2016, and our project managers continuously consolidate their project management experience and communicate closely with our clients, suppliers and subcontractors to ensure the changes in specifications or new requirements are taken heed of, the works programme is followed tightly, materials are properly maintained and their wastage is minimised and our project coordinators and site supervisors timely report to our project managers or project director if they note any unexpected event. The increase in the project management task force enhanced the control of suppliers and subcontractors and optimised their costs. Due to the above reasons and our Group's ability to increase pricing in general, our gross profit margin increased from 17.2% for the three months ended 30 June 2015 to 26.1% for the three months ended 30 June 2016.

Other income, other gains and losses, net

Our other income, other gains and losses, net, decreased by approximately HK\$299,000 from net gain of approximately HK\$14,000 for the three months ended 30 June 2015 to net loss of approximately HK\$285,000 for the three months ended 30 June 2016. Such decrease was mainly attributable to the fair value loss of the unexpired foreign currency forward contracts relating to the rate of US\$/RMB of approximately HK\$363,000 for the three months ended 30 June 2016.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately HK\$608,000 from approximately HK\$1,767,000 for the three months ended 30 June 2015 to approximately HK\$2,375,000 for the three months ended 30 June 2016. The increase in administrative and other operating expenses was mainly attributable to the recognition of listing expenses of approximately HK\$346,000 during the three months ended 30 June 2016.

FINANCIAL INFORMATION

and the impairment loss on trade receivables of approximately HK\$312,000. No listing expenses were recognised while an impairment loss of trade receivables of approximately HK\$77,000 was recognised for the three months ended 30 June 2015.

Finance costs

Our finance costs increased by approximately HK\$23,000 from approximately HK\$40,000 for the three months ended 30 June 2015 to approximately HK\$63,000 for the three months ended 30 June 2016 as (i) we made use of bank overdrafts during the period, and (ii) the increase in our obligation under finance lease to finance the purchase of motor vehicle during the three months ended 30 June 2016 as compared to that of 2015.

Income tax

Our income tax expense increased by approximately HK\$168,000 from approximately HK\$605,000 for the three months ended 30 June 2015 to approximately HK\$773,000 for the three months ended 30 June 2016. The increase primarily reflected the increase in our profit before tax from approximately HK\$3,412,000 for the three months ended 30 June 2015 to approximately HK\$5,158,000 for the three months ended 30 June 2016.

Our effective tax rate decreased from approximately 17.7% for the three months ended 30 June 2015 to approximately 15.0% for the three months ended 30 June 2016 as Ample Design had unused tax losses which could offset its assessable profits during the period.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the period increased by approximately HK\$1,578,000 from approximately HK\$2,807,000 for the three months ended 30 June 2015 to approximately HK\$4,385,000 for the three months ended 30 June 2016.

Our net profit margin also increased from 9.3% for the three months ended 30 June 2015 to 14.5% for the three months ended 30 June 2016. The increase in our profit and net profit margin was primarily attributable to the increase in gross profit during the period as discussed above.

Year ended 31 March 2016 compared with the year ended 31 March 2015

Turnover

Our total revenue increased by approximately 5.0% from approximately HK\$134,047,000 for the year ended 31 March 2015 to approximately HK\$140,719,000 for the year ended 31 March 2016. Such increase was mainly attributable to the increase in revenue generated from both of our A&A projects and our interior design projects, despite the decrease in revenue generated from our fitting-out and renovation services.

FINANCIAL INFORMATION

In respect of our fitting-out and renovation segment, the following table sets forth the breakdown of our projects based on scales of respective revenue recognised for the year ended 31 March 2015 and 2016:

Revenue recognised from fitting-out and renovation projects	Year ended 31 March			
	2015		2016	
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>
More than HK\$10 million	4	74,442	2	47,265
More than HK\$5 million to HK\$10 million	–	–	3	20,492
More than HK\$1 million to HK\$5 million	8	16,505	7	17,313
HK\$1 million or less	<u>29</u>	<u>7,300</u>	<u>32</u>	<u>9,574</u>
	<u>41</u>	<u>98,247</u>	<u>44</u>	<u>94,644</u>

The decrease in revenue derived from our fitting-out and renovation projects was mainly due to the decrease in number of sizeable projects carried out which individually generated revenue of over HK\$10 million to our Group from 4 for the year ended 31 March 2015 to 2 for the year ended 31 March 2016.

In respect of our A&A works segment, the following table sets forth the breakdown of our projects based on scales of respective revenue recognised for the year ended 31 March 2015 and 2016:

Revenue recognised from A&A projects	Year ended 31 March			
	2015		2016	
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>
More than HK\$10 million	–	–	1	17,254
More than HK\$5 million to HK\$10 million	2	15,870	1	7,548
More than HK\$1 million to HK\$5 million	3	6,788	2	4,155
HK\$1 million or less	<u>64</u>	<u>10,039</u>	<u>64</u>	<u>10,173</u>
	<u>69</u>	<u>32,697</u>	<u>68</u>	<u>39,130</u>

The increase in revenue derived from our A&A works was mainly due to the sizeable project carried out which individually generated revenue of over HK\$10 million to our Group for the year ended 31 March 2016.

FINANCIAL INFORMATION

Our revenue generated from our interior design services increased by approximately HK\$3,842,000 or 123.8% for the year ended 31 March 2016. Set forth below breakdown of our projects based on scales of respective revenue recognised during the year ended 31 March 2015 and 2016:

Revenue recognised from interior design projects	Year ended 31 March			
	2015		2016	
	<i>Number of projects</i>	<i>HK\$'000</i>	<i>Number of projects</i>	<i>HK\$'000</i>
More than HK\$1 million	–	–	3	5,131
HK\$1 million or less	23	3,103	17	1,814
	23	3,103	20	6,945

The increase in revenue derived from our interior design services was mainly due to the increase in number of sizeable projects carried out which individually generated revenue of over HK\$1 million to our Group during the year ended 31 March 2016.

Direct costs

Our direct costs decreased by approximately HK\$4,503,000, or 3.9%, from approximately HK\$115,280,000 for the year ended 31 March 2015 to approximately HK\$110,777,000 for the year ended 31 March 2016. In particular, our subcontracting and materials costs decreased from approximately HK\$107,631,000 for the year ended 31 March 2015 to approximately HK\$99,348,000 for the year ended 31 March 2016. Such decrease was resulting from (i) our effective cost control; and (ii) the decrease in value of works of subcontracted and materials costs.

Gross profit and gross profit margin

Our gross profit increased by 59.5% from approximately HK\$18,767,000 for the year ended 31 March 2015 to approximately HK\$29,942,000 for the year ended 31 March 2016; which was in line with the increase in revenue during the period. Our overall gross profit margin increased from 14.0% for the year ended 31 March 2015 to 21.3% for the year ended 31 March 2016, resulting from (i) our effective control on our project cost as our mark up margin includes project contingent cost and our margin would improve if such cost is not incurred for the project; (ii) the increase in number of sizeable interior design projects carried out during the period which individually generated revenue of over HK\$1 million which involved less subcontracting and materials costs since the resources our Group put in interior design projects were mainly direct labour whose costs grew less rapidly compared to revenue growth, hence gave rise to higher gross profit margins; and (iii) the decrease in the number of sizeable fitting-out and renovation projects carried out which individually generated revenue of over HK\$10 million and were awarded by our customers who had better bargaining power in negotiating for lower project fee together with our ability to apply higher profit margins to our smaller fitting-out and renovation projects. Considering similar revenue but higher gross profit derived from fitting-out and renovation services

FINANCIAL INFORMATION

during the year ended 31 March 2016 as compared with the year ended 31 March 2015, the value of works subcontracted and material costs were lowered for the year ended 31 March 2016.

For our A&A works sector, lower gross margin for the year ended 31 March 2016 as compared to the year ended 31 March 2015 was mainly caused by two projects, one of which was engaged by a famous luxurious jewellery chain store and the other was in a housing estate in Kowloon. Our Directors consider that the lower project gross profit margins for these two projects were respectively due to the bargaining power of the jewellery chain store and our Group's strategy to gain market share in the local region, where our Directors saw the opportunities that the nearby housing estates may also require our Group's A&A works services.

Other income, other gains and losses, net

We recorded other income and net losses of approximately HK\$962,000 for the year ended 31 March 2016 in contrast to other income and net gain of approximately HK\$210,000 for the year ended 31 March 2015. Such decrease was mainly attributable to the fair value loss of the foreign currency forward contracts relating to the rate of US\$/RMB of approximately HK\$1,030,000 for the year ended 31 March 2016.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately HK\$9,347,000 from approximately HK\$6,471,000 for the year ended 31 March 2015 to approximately HK\$15,818,000 for the year ended 31 March 2016. The increase in administrative and other operating expenses was mainly attributable to (i) the recognition of listing expenses of approximately HK\$4,512,000; (ii) increase in salaries and other benefit (including directors' remuneration) of approximately HK\$1,530,000; (iii) provision for a legal claim against our Group in respect of a fatal accident of approximately HK\$2,013,000, details of which are set out in the section headed "Business – Litigation and potential claim" in the prospectus; and (iv) increase in legal and professional fee of approximately HK\$1,016,000 for the year ended 31 March 2016 in relation to the legal claims against our Group.

Finance costs

Our finance costs increased by approximately HK\$32,000 from approximately HK\$105,000 for the year ended 31 March 2015 to approximately HK\$137,000 for the year ended 31 March 2016, primarily arising from bank overdrafts during the year 31 March 2016.

Income tax

Our income tax expense increased by approximately HK\$963,000 from approximately HK\$1,995,000 for the year ended 31 March 2015 to approximately HK\$2,958,000 for the year ended 31 March 2016. Our effective tax rate also increased from approximately 16.1% for the year ended 31 March 2015 to approximately 22.7% for the year ended 31 March

FINANCIAL INFORMATION

2016. Such increase was mainly due to the recognition of listing expenses, which are a non-deductible expense under Hong Kong Profits Tax, of approximately HK\$4,512,000 for the year ended 31 March 2016.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year decreased by approximately HK\$339,000 from approximately HK\$10,406,000 for the year ended 31 March 2015 to approximately HK\$10,067,000 for the year ended 31 March 2016.

Our net profit margin also decreased from 7.8% for the year ended 31 March 2015 to 7.2% for the year ended 31 March 2016. The decrease in our profit and net profit margin was primarily attributable to the increase in administrative and other operating expenses as discussed above.

BUSINESS GROWTH BEFORE TRACK RECORD PERIOD

Before the Track Record Period, our Group recorded a steady growth in revenue and net profit during the two financial years ended 31 March 2014. Our Group's revenue increased from approximately HK\$54,162,000 for the year ended 31 March 2013 to approximately HK\$55,995,000 for the year ended 31 March 2014, while our net profit increased from approximately HK\$327,000 for the year ended 31 March 2013 to approximately HK\$703,000 for the year ended 31 March 2014. Our Group's gross profit margins for the years ended 31 March 2013 and 2014 were 12.2% and 13.5%, respectively.

Our Group has devoted resources to further develop interior design business since 2010 and expanded our business to provide fitting-out and renovation since 2011. Our Directors considered that the expansion of our services had been the turning point in our business development and crucial to our Group's improvement in profitability in later years. Ample Construction was awarded its first fitting-out and renovation contract for a store at ifc mall in Central in 2011. In the fitting-out and renovation business, riding on our Directors' pride on our interior design's strengths which helped provide valuable advice and solution complementary to the fitting-out and renovation projects for our customers, our Group gradually targeted and obtained jobs from renowned brands and high-end customers to pursue larger contract sum. In addition, the expansion in our fitting-out and renovation services strengthened our Group's existing A&A works business. As explained in the section headed "Business – Competitive strengths – Versatile contractor capable of fitting-out, renovation and A&A works and interior design" in this prospectus, it became our competitive strength that the capability of providing fitting-out, renovation and A&A works concurrently saves customers' time as they do not need to engage separate contractors to carry out their work individually and reduces overall project management costs. For the years ended 31 March 2015, 2016 and the three months ended 30 June 2016, we were engaged by 12, 15 and 10 customers which required both fitting-out and renovation and A&A works and revenue recognised from these customers amounted to approximately HK\$101,389,000, HK\$83,152,000 and HK\$14,433,000, representing approximately 75.6%, 59.1% and 47.7% of our total revenue, respectively. With the accumulation of job references, Ample Construction gained recognition and further undertook its first façade, interior fitting-out and renovation works project for a retail store of an international luxury goods retailer involving both fitting-out and renovation and A&A works in 2013. In the same year, Ample Construction

FINANCIAL INFORMATION

was awarded a big A&A works contract with contract value exceeding HK\$10 million for the first time. Our Directors consider that our extensive experience and growing portfolio of renowned clients were impressive and became the cornerstone of our Group in securing a number of later projects which were significantly larger in size from various other major customers and were profitable before and during the Track Record Period. Ample Construction was awarded fitting-out, renovation and A&A works projects in a leading and established Chinese department store with aggregate contract value of approximately HK\$199.3 million in the years ended 31 March 2015 and 2016. During the year ended 31 March 2015, our Group was awarded fitting-out and renovation contracts for the office of a global social media and networking company in Quarry Bay with aggregate contract sum of approximately HK\$11.8 million. Further, during the year ended 31 March 2016, our Group was awarded fitting-out and renovation contracts with a multinational internet and mobile technology company for its office in Causeway Bay with aggregate contract sum of approximately HK\$20.3 million and fitting-out, renovation and A&A contracts with a property developer for a service apartment in North Point with aggregate contract sum of approximately HK\$52.0 million.

While our Group's gross profit margin increased steadily from 12.2% for the year ended 31 March 2013 to 14.0% for the year ended 31 March 2015 and further improved to 21.3% for the year ended 31 March 2016, the net profit margin significantly improved from 0.6% for the year ended 31 March 2013 to 7.2% for the year 31 March 2016. Improvement was significant because in addition to improvement in gross margin, our Group also enjoyed economies of scale when we had a larger operation scale in terms of revenue for the two years ended 31 March 2016 as compared to the two years ended 31 March 2014. Given staff costs and key management remuneration constantly accounted for the majority of our Group's administrative and other operating expenses and were fixed costs to our Group, the net profit margins were therefore thinner when we had a smaller operation scale in terms of revenue before the Track Record Period. Our Directors believe that as we accumulate track record of sizeable projects and serving renowned customers in the private residential, commercial and industrial sector, the effect of improvement to our profitability is long-lasting in the absence of major unfavourable change in economic condition and are optimistic that our profitability can be sustained in the private residential, commercial and industrial sector.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our primary use of cash is to fund our operations and repayment of borrowings and related interest expenses. We have financed our operations through a combination of cash generated from operating activities and external borrowings. Upon the completion of the Placing, we expect to meet our liquidity needs and finance our working capital requirements from cash generated from our operations, debt financing and the net proceeds from the Placing. As at the Latest Practicable Date, we had not experienced any liquidity problems in settling our payables in the normal course of business.

FINANCIAL INFORMATION

Cash flows

The following table sets forth our Group's cash flows for the periods indicated:

	For the year ended 31 March		For the three months ended 30 June	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
			(unaudited)	
Operating cash flow before movements in working capital	<u>13,129</u>	<u>15,017</u>	<u>3,578</u>	<u>5,638</u>
Net cash generated from operating activities	545	2,196	7,824	4,208
Net cash used in investing activities	(24)	(14)	(19)	(819)
Net cash generated from/(used in) financing activities	<u>716</u>	<u>(1,224)</u>	<u>2,657</u>	<u>4,219</u>
Net increase in cash and cash equivalents	1,237	958	10,462	7,608
Cash and cash equivalents at beginning of the year/period	<u>3,985</u>	<u>5,222</u>	<u>5,222</u>	<u>6,180</u>
Cash and cash equivalents at the end of the year/period	<u><u>5,222</u></u>	<u><u>6,180</u></u>	<u><u>15,684</u></u>	<u><u>13,788</u></u>

Cash flows generated from operating activities

Our cash inflow from operating activities is principally derived from the receipts from the provision of fitting-out and renovation, A&A works as well as interior design services. Our working capital requirements typically arise from materials purchases and settlement of our staff costs and subcontracting fees. During the Track Record Period, our net cash flows from operating activities represented profit before tax adjusted for income tax paid, interest income, non-cash items and change in working capital.

For the three months ended 30 June 2016, our net cash generated from operating activities of approximately HK\$4,208,000, as a result of operating cash inflow before movements in working capital of approximately HK\$5,638,000 and net decrease in working capital charges of HK\$1,430,000. Net decrease in working capital charges primarily consisted of combined effects of the following:

- (i) the increase in trade and other receivables of approximately HK\$3,462,000;
- (ii) the increase in amounts due from customers for contract work of approximately HK\$3,763,000;

FINANCIAL INFORMATION

(iii) the decrease in amount due to a related party of approximately HK\$1,503,000 for the repayment to Mr. Cheung; and

(iv) the increase in trade and other payables of approximately HK\$6,094,000.

Explanations of fluctuation of the aforesaid items from the combined statements of financial position are set out in the paragraph headed “Discussion of certain combined statements of financial position items” in this section.

For the year ended 31 March 2016, our net cash generated from operating activities of approximately HK\$2,196,000, as a result of operating cash inflow before movements in working capital of approximately HK\$15,017,000, net decrease in working capital charges of approximately HK\$9,484,000, and tax payment of approximately HK\$3,339,000. Net decrease in working capital charges primarily consisted of combined effects of the following:

(i) the increase in trade and other receivables of approximately HK\$19,665,000;

(ii) the decrease in amount due to a related party of approximately HK\$3,190,000 for the repayment to Mr. Cheung;

(iii) the decrease in amounts due from customers for contract work of approximately HK\$4,424,000, and

(iv) the decrease in amounts due from related parties of approximately HK\$7,245,000 mainly attributable to the repayment from our related parties.

Explanations of fluctuation of the aforesaid items from the combined statements of financial position are set out in the paragraph headed “Discussion of certain combined statements of financial position items” in this section.

For the year ended 31 March 2015, our net cash generated from operating activities of approximately HK\$545,000, as a result of operating cash inflow before movements in working capital of approximately HK\$13,129,000, net decrease in working capital charges of approximately HK\$12,348,000 and tax payment of approximately HK\$236,000. Net decrease in working capital charges primarily consisted of combined effects of the following

(i) an increase in trade and other receivables of approximately HK\$11,888,000;

(ii) the increase in amounts due from customers for contract work of approximately HK\$9,185,000;

(iii) the increase in amounts due from related parties of approximately HK\$12,753,000; and

(iv) the increase in amounts due to customers for contract work of approximately HK\$14,860,000.

FINANCIAL INFORMATION

Explanations of fluctuation of the aforesaid items from the combined statements of financial position are set out in the paragraph headed “Discussion of certain combined statements of financial position items” in this section.

Cash flows used in investing activities

Our cash flows from investing activities principally include proceeds from disposal of plant and equipment, and payment for the purchase of plant and equipment.

For the three months ended 30 June 2016, net cash used in investing activities of approximately HK\$819,000 was primarily attributable to the settlement for the foreign currency forward contracts of approximately HK\$730,000.

For the year ended 31 March 2016, net cash used in investing activities of approximately HK\$14,000 was primarily attributable to the purchase, in aggregate of approximately HK\$37,000, for plant and equipment, mainly for furniture and fixture and equipment.

For the year ended 31 March 2015, net cash used in investing activities of approximately HK\$24,000 was primarily attributable to the purchase, in aggregate of approximately HK\$84,000, for plant and equipment, mainly for motor vehicle offset by proceeds received from the disposal of motor vehicle of approximately HK\$60,000.

Cash flows generated from/used in financing activities

Our cash inflow from financing activities primarily includes proceeds from finance leases and proceeds from bank borrowings, while our cash outflow from financing activities primarily includes interest payment, repayment of bank borrowings and repayment of obligation under finance leases.

For the three months ended 30 June 2016, we had net cash generated from financing activities of approximately HK\$4,219,000, which primarily comprised the net increase in proceeds from borrowings of approximately HK\$4,577,000, less the repayment of obligation under finance leases of approximately HK\$295,000.

For the year ended 31 March 2016, we had net cash used in financing activities of approximately HK\$1,224,000, which primarily comprised the net decrease in proceeds from borrowings of approximately HK\$998,000.

For the year ended 31 March 2015, we had net cash generated from financing activities of approximately HK\$716,000, which primarily comprised the net increase in proceeds from borrowings of approximately HK\$940,000, less the repayment of obligation under finance leases of approximately HK\$119,000.

FINANCIAL INFORMATION

Net current assets

The following table sets forth details of our Group's current assets, current liabilities and net current assets as at the dates indicated:

	As at 31 March		As at 30 June	As at 31 October
	2015	2016	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (unaudited)
Current assets				
Trade and other receivables	16,253	35,277	38,702	34,115
Amounts due from customers for contract work	9,185	4,761	8,524	19,818
Amounts due from related parties	10,977	3,732	3,797	10,024
Held-for-trading investments	13	10	10	12
Pledged bank deposit	–	–	–	3,000
Bank balances and cash	<u>5,222</u>	<u>7,209</u>	<u>14,840</u>	<u>15,126</u>
	<u>41,650</u>	<u>50,989</u>	<u>65,873</u>	<u>82,095</u>
Current liabilities				
Trade and other payables	6,711	7,862	13,956	13,260
Derivative financial instruments	–	783	584	584
Amounts due to customers for contract work	14,860	15,411	16,680	13,716
Amount due to a related party	5,619	2,429	926	–
Borrowings	2,174	2,205	6,805	21,475
Obligations under finance leases	90	102	99	100
Current tax liabilities	<u>1,926</u>	<u>1,545</u>	<u>2,318</u>	<u>3,962</u>
	<u>31,380</u>	<u>30,337</u>	<u>41,368</u>	<u>53,097</u>
Net current assets	<u><u>10,270</u></u>	<u><u>20,652</u></u>	<u><u>24,505</u></u>	<u><u>28,998</u></u>

Our net current assets position increased from approximately HK\$10,270,000 as at 31 March 2015 to approximately HK\$20,652,000 as at 31 March 2016. The increase in net current assets is approximately the same as our profit for the period as we did not record material change in fixed assets or long term liabilities for the period.

Our net current assets position increased from approximately HK\$20,652,000 as at 31 March 2016 to approximately HK\$24,505,000 as at 30 June 2016. The increase in net current assets is approximately the same as our profit for the period as we did not record material change in fixed assets or long term liabilities for the period.

FINANCIAL INFORMATION

Attributable to the profit generated during the four months ended 31 October 2016, our net current assets position increased from approximately HK\$24,505,000 as at 30 June 2016 to approximately HK\$28,998,000 as at 31 October 2016.

DISCUSSION OF CERTAIN COMBINED STATEMENTS OF FINANCIAL POSITION ITEMS

Plant and equipment

The following table sets out the respective carrying values of our Group's plant and equipment as at the respective dates as indicated:

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at				
31 March 2015	<u>224</u>	<u>47</u>	<u>368</u>	<u>639</u>
31 March 2016	<u>149</u>	<u>64</u>	<u>211</u>	<u>424</u>
30 June 2016	<u>130</u>	<u>144</u>	<u>702</u>	<u>976</u>

The increase in net book value from 31 March 2016 to 30 June 2016 was mainly attributable to the purchase of office equipment and a motor vehicle. The decrease in net book value from 31 March 2015 to 31 March 2016 was mainly attributable to the depreciation of the plant and equipment, partially offset by the addition of furniture, fixtures and equipment during the year. For details of our purchase and disposal of plant and equipment during the Track Record Period, please refer to Note 13 of Section A to the Accountants' Report in Appendix I to this prospectus.

Deposits and prepayments for life insurance policies

We entered into two life insurance policies with an insurance company to insure Mr. Cheung and Mr. Lam to mitigate the financial losses and disruption to our business arising from the illnesses, disability or even death of our key personnel. Under the policies, Ample Construction is the beneficiary and policy holder and the total insured sum is US\$2,000,000. Ample Construction was required to pay upfront deposits of approximately US\$333,000. Our Group was not required to make other payment to the insurer other than such upfront deposits. Ample Construction can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal. The cash value is determined by the upfront payments of approximately US\$333,000 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if withdrawal is made at any time during the first to the fifteenth policy year, as appropriate,

FINANCIAL INFORMATION

a pre-determined amount of surrender charge would be imposed. The insurance company will pay Ample Construction a guaranteed interest of 4.0% for the first ten years, followed by guaranteed interest rate of 3.0% or above per annum for the following years.

At 31 March 2015 and 2016 and 30 June 2016, the deposits and prepayments for life insurance policies amounted to approximately HK\$2,657,000, HK\$2,725,000 and HK\$2,746,000, respectively. The deposits and prepayments for life insurance policies are denominated in US\$.

Derivative financial instruments

During the Track Record Period, we entered into foreign currency forward contracts relating to exchange rates of US\$/RMB, as advised by our bank in view of our purchase of materials from the PRC. The following table sets forth the aggregate notional principal amounts and the expiry dates of the outstanding foreign currency forward contracts as at the dates indicated during the Track Record Period:

	As at 31 March		As at 30 June
	2015	2016	2016
Aggregate notional principal amounts	RMB10,080,000	RMB10,733,000	RMB653,000
Expiry dates	May 2016	From April 2016 to June 2017	From July 2016 to June 2017

In view of the vagaries of the fair value change of financial derivatives and the purchase costs from the PRC, our Directors intend not to maintain any position in the foreign currency forward contracts or enter into any more of such derivative financial instruments following the expiry of them and therefore our Group does not have a treasury management policy on derivative financial instruments.

FINANCIAL INFORMATION

Trade and other receivables

Our trade and other receivables consisted of (i) trade receivables; (ii) retention receivables; and (iii) other receivables, prepayments and deposits. The following table sets out the breakdown of trade and other receivables as at the dates indicated:

	As at 31 March		As at 30
	2015	2016	June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	7,797	24,786	28,291
Less: Allowance for doubtful debts	<u>(587)</u>	<u>(1,165)</u>	<u>(1,202)</u>
	7,210	23,621	27,089
Retention receivables	5,731	10,650	11,055
Other receivables, prepayments and deposits	<u>3,312</u>	<u>1,006</u>	<u>558</u>
	<u>16,253</u>	<u>35,277</u>	<u>38,702</u>

Trade receivables

During the Track Record Period, our trade receivables represented amounts receivables from our customers, less any identified impairment losses, for the provision of our services.

Our trade receivables, net of allowance of doubtful debts, increased by approximately HK\$16,411,000 from approximately HK\$7,210,000 as at 31 March 2015 to approximately HK\$23,621,000 as at 31 March 2016, which were mainly due to the significant progress of our project works near 31 March 2016.

Our trade receivables, net of allowance for doubtful debts, increased by approximately HK\$3,468,000 from approximately HK\$23,621,000 as at 31 March 2016 to approximately HK\$27,089,000 as at 30 June 2016, which was mainly attributable to the relatively larger amount of revenue recognised near the end of reporting period.

Our Directors consider that although our trade receivables increased substantially as at 31 March 2016 and 30 June 2016 as compared to 31 March 2015, our Group is not subject to deteriorated credit risk as according to the ageing analysis below, a large portion of our trade receivables as at 31 March 2016 and 30 June 2016 fell within 0-30 days from our invoice date and trade receivables which are past due but not impaired decreased from 31 March 2016 to 30 June 2016.

Ageing analysis of trade receivables

We generally offer our customers a credit period of 7 to 30 days after the issuance of our invoice or payment certificate. We may grant longer credit period to customers who are individuals upon their request. Customers who are individuals mainly approach us through referrals by their interior designers or consultants who had known us. We determine the length of the credit period granted to referred customers who are individuals by assessing (i)

FINANCIAL INFORMATION

whether the customer is owner-occupier; (ii) the market value of the residential property; (iii) the purported competition we face when negotiating for the project; and (iv) our business relationship with the referrer who refers the customer to us. During the Track Record Period, Customer J, one of our top five customers, who is an individual and an independent third party was granted a credit period of 180 days. Our Directors are of the view that the arrangement is in line with our credit policy. The project for Customer J has been completed and the project fee, including the trade receivables as at 30 June 2016, was fully settled as at the Latest Practicable Date. The following table sets forth the ageing analysis of our trade receivables, net of allowance for doubtful debts and based on the invoice date, as at the end of the periods indicated:

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
0 – 30 days	2,709	17,130	21,138
31 – 60 days	1,424	4,451	2,617
61 – 90 days	2,334	458	2,179
91 – 180 days	454	1,245	1,073
Over 180 days	289	337	82
	<u>7,210</u>	<u>23,621</u>	<u>27,089</u>

To certain extent our trade receivables (including retention receivables) were concentrated to our largest debtors and the five largest debtors as illustrated in the table below for the respective dates indicated:

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Largest debtor	3,572	13,380	7,381
Five largest debtors	10,183	29,231	20,957

We seek to maintain strict control over our outstanding receivables and have a credit control policy to minimise credit risk. In addition, all receivables balances are monitored on an ongoing basis and overdue balances are followed up by our accounting department and project team.

FINANCIAL INFORMATION

Impairment of trade receivables

The following table sets forth the ageing analysis of trade receivables that are past due but not impaired for the respective date indicated:

	As at 31 March		As at
	2015	2016	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue by:			
1 – 30 days	2,228	4,451	2,615
31 – 60 days	3,294	458	2,179
61 – 90 days	465	445	781
91 – 180 days	454	906	374
Over 180 days	<u>289</u>	<u>231</u>	<u>–</u>
	<u><u>6,730</u></u>	<u><u>6,491</u></u>	<u><u>5,949</u></u>

Receivables that were past due but not impaired relate to a number of independent customers that have good track records with our Group. Besides, our balance of trade receivables that are past due but not impaired amounted to 93.3%, 27.5% and 22.0% of the balance of trade receivables, net of allowance for doubtful debts, as at 31 March 2015 and 2016 and 30 June 2016, respectively, and there was continuous improvement in the settlement in the trade receivables that are past due but not impaired. Our Directors believe that no impairment allowance is necessary in respect of these balances as there have not been any significant change in credit quality and the balances are still considered fully recoverable.

Movements in our Group's provision for impairment of trade receivables are as follows:

	As at 31 March		As at
	2015	2016	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of the year/period	–	587	1,165
Impairment losses recognised during the year/period	587	718	312
Amounts written off during the year/period as uncollectible	–	(63)	–
Impairment losses reversed	<u>–</u>	<u>(77)</u>	<u>(275)</u>
Balance at end of the year/period	<u><u>587</u></u>	<u><u>1,165</u></u>	<u><u>1,202</u></u>

FINANCIAL INFORMATION

The individually impaired trade receivables relate to customers that had been in default in payment or the financial difficulties for prolonged period and were not expected to be recovered. In determining the recoverability of trade receivable, we consider that any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

As at the Latest Practicable Date, approximately HK\$25,142,000 or 92.8% of trade receivables as at 30 June 2016 were settled.

Trade receivables turnover day

The following table sets out the debtors' turnover days for the periods indicated:

	For the year ended		For the three
	31 March		months ended
	2015	2016	30 June
			2016
Debtors' turnover days (<i>Note</i>)	16.4 days	40.1 days	76.3 days

Note: Debtors' turnover days for the years/period ended 31 March 2015 and 2016 and 30 June 2016 are equal to the average trade receivables, net of allowance for doubtful debts, divided by revenue and multiplied by 365 days for the years ended 31 March 2015, 366 days for the year ended 31 March 2016 and 91 days for the three months ended 30 June 2016. Average trade receivables are the average of trade receivables at the beginning of the year/period and trade receivables at the end of the year/period.

Our debtors' turnover days were approximately 16.4 days, 40.1 days and 76.3 days for the year ended 31 March 2015 and 2016 and the three months ended 30 June 2016, respectively. The increase in debtors' turnover days from approximately 16.4 days for the year ended 31 March 2015 to approximately 40.1 days for the year ended 31 March 2016 was mainly attributable to the significant increase in our trade receivables near the year ended 31 March 2016, mainly due to the completion of a project with substantial value with a major customer near the end of the financial year whose balance of trade receivables amounted to approximately HK\$12,462,000 as at 31 March 2016. Further increase of debtors' turnover days from 40.1 days for the year ended 31 March 2016 to 76.3 days for the three months ended 30 June 2016 was the result of value of works completed near the end of the three months ended 30 June 2016 being also substantial, hence increased the balance of trade receivables as at 30 June 2016. Despite the longer debtors' turnover days as calculated, a majority of trade receivables were aged between 0 to 30 days as at 31 March 2016 and 30 June 2016 and thus our Directors are of the view that the increase in debtors' turnover days was not caused by the change in mix of customers granted with longer credit period.

FINANCIAL INFORMATION

Retention receivables

Retention receivables represent the retention money to be held up by our customer at each interim payment or at practical completion of the project to secure our due performance of the contracts.

Our retention receivables increased from approximately HK\$5,731,000 as at 31 March 2015 to approximately HK\$10,650,000 as at 31 March 2016. It was mainly due to increasing amount of revenue that was subject to retention requirement, the release of retention will be made after completion of the projects and expiry of applicable defects liability periods.

Our retention receivables increased from approximately HK\$10,650,000 as at 31 March 2016 to approximately HK\$11,055,000 as at 30 June 2016 due to similar reason as discussed above.

Other receivables, prepayments and deposits

Other receivables, prepayments and deposits mainly represent rental deposits, deposits for utility and the cash collateral for surety bonds.

Our other receivables, prepayments and deposits decreased from approximately HK\$3,312,000 as at 31 March 2015 to approximately HK\$1,006,000 as at 31 March 2016. Such decrease was mainly due to the decrease of cash collateral for surety bonds of approximately HK\$2,306,000 as a result of the release of surety bonds at the completion of the relevant contracts.

Our other receivables, prepayments and deposits decreased from approximately HK\$1,006,000 as at 31 March 2016 to approximately HK\$558,000 as at 30 June 2016. Such decrease was mainly due to the decrease of cash collateral for surety bonds of approximately HK\$550,000 as a result of the release of surety bonds at the completion of the relevant contracts.

FINANCIAL INFORMATION

Amounts due from/to customers for contract work

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. The following table sets out our amount due from/to customers for contract work as at each reporting date during the Track Record Period:

	As at 31 March		As at
	2015	2016	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracts in progress at the end of each of the reporting period:			
Contract costs incurred plus recognised profits less recognised losses	109,214	206,551	211,867
Less: Progress billings	<u>(114,889)</u>	<u>(217,201)</u>	<u>(220,023)</u>
	<u>(5,675)</u>	<u>(10,650)</u>	<u>(8,156)</u>
Analysed for reporting purposes as:			
Amounts due from customers for contract work	9,185	4,761	8,524
Amounts due to customers for contract work	<u>(14,860)</u>	<u>(15,411)</u>	<u>(16,680)</u>
	<u>(5,675)</u>	<u>(10,650)</u>	<u>(8,156)</u>

The gross amounts due from/to customers for contract work are normally affected by (i) the amount of works handled by us at the time close to the end of each reporting period, (ii) the time of certifying payment application by our customers or our progress billings for the project progress recorded by us, which can vary significantly from period to period.

FINANCIAL INFORMATION

Amounts due from/to related parties

The following table sets forth the details of the amounts due from/to related parties as at each reporting date during the Track Record Period:

	As at 31 March		As at
	2015	2016	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from related parties:			
Ample Consultants & Contracting Company Limited (<i>Note</i>)	2	–	–
Ample Interiors Limited (<i>Note</i>)	3	–	–
Ample Group	6,177	–	–
Andiamo Lighting Company Limited (<i>Note</i>)	3	–	–
Heavenly White	–	–	1
Summer Unicorn	–	–	1
Mr. Lam	<u>4,792</u>	<u>3,732</u>	<u>3,795</u>
	<u>10,977</u>	<u>3,732</u>	<u>3,797</u>
Amounts due to a related party:			
Mr. Cheung	<u>5,619</u>	<u>2,429</u>	<u>926</u>

Note: Our company has declared dormant as at the Latest Practicable Date.

The amounts due from/to related parties are non-trade in nature, unsecured, interest-free and recoverable/repayable on demand. The balance of the amounts due from/to related parties will be settled prior to the Listing.

Held-for-trading investments

Our held-for-trading investments primarily relate to our investments in equity securities listed in Hong Kong. The fair value based on quoted market prices of our held-for-trading investments amounted to approximately HK\$13,000, HK\$10,000 and HK\$10,000 as at 31 March 2015 and 2016 and 30 June 2016, respectively.

FINANCIAL INFORMATION

Trade and other payables

Our trade and other payables comprise (i) trade payables and (ii) other payables and accruals. The following table sets forth the details of our trade and other payables during the Track Record Period:

	As at 31 March		As at
	2015	2016	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	6,603	5,304	11,612
Other payables and accruals	<u>108</u>	<u>2,558</u>	<u>2,344</u>
	<u><u>6,711</u></u>	<u><u>7,862</u></u>	<u><u>13,956</u></u>

Trade payables

Trade payables were mainly increased for the purchase of materials and subcontracting services from our suppliers. We generally receive credit terms of 0 to 30 days from our suppliers.

Our trade payables slightly decreased from approximately HK\$6,603,000 as at 31 March 2015 to approximately HK\$5,304,000 as at 31 March 2016 due to the decrease in credit purchase near the end of 31 March 2016. Our trade payables increased from approximately HK\$5,304,000 as at 31 March 2016 to approximately HK\$11,612,000 as at 30 June 2016, which was in line with the increase in trade receivables resulting from the increase in number of projects carried out which brought revenue during the period.

The following table sets out the ageing analysis of our trade payables as at the end of each of the reporting dates presented based on the invoiced dates:

	As at 31 March		As at
	2015	2016	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	3,496	3,296	6,725
31 – 60 days	990	1,304	3,370
61 – 90 days	1,349	190	442
91 – 180 days	611	488	725
Over 180 days	<u>157</u>	<u>26</u>	<u>350</u>
	<u><u>6,603</u></u>	<u><u>5,304</u></u>	<u><u>11,612</u></u>

As at the Latest Practicable Date, approximately HK\$10,481,000 or 90.3% of our trade payables as at 30 June 2016 were settled.

FINANCIAL INFORMATION

The following table sets out the creditors' turnover days for the years indicated:

	For the year ended 31 March		For the three months ended 30 June
	2015	2016	2016
Creditors' turnover days (<i>Note</i>)	14.4 days	19.7 days	34.4 days

Note: Creditors' turnover days for the years/period ended 31 March 2015 and 2016 and 30 June 2016 are equal to the average trade payables divided by direct costs and multiplied by 365 days for the years ended 31 March 2015, 366 days for the year ended 31 March 2016 and 91 days for the three months ended 30 June 2016. Average trade payables are the average of trade payables at the beginning of the year/period and trade payables at the end of the year/period.

Our creditors' turnover days remained relatively stable at approximately 14.4 days and 19.7 days for the year ended 31 March 2015 and 2016 respectively. Our creditors' turnover days increased to approximately 34.4 days for the three months ended 30 June 2016. The increase of creditors' turnover days for the three months ended 30 June 2016 was mainly attributable to the significant accumulation of our Group's trade payables near the end of the reporting period.

Other payables and accruals

Our other payables and accruals mainly represent accrual of various expenses such as legal and professional fee and provision made for a litigation in which our Group, on the advice of Mr. Yuen Siu Kei, barrister-at-law, is likely to be held liable to pay a sum of HK\$2.0 million.

The provision for litigation was made in the year ended 31 March 2016, as such, our other payables and accruals increased from approximately HK\$108,000 as at 31 March 2015 to approximately HK\$2,558,000 as at 31 March 2016. Our other payables and accruals remained stable at approximately HK\$2,558,000 as at 31 March 2016 and approximately HK\$2,344,000 as at 30 June 2016. The above-mentioned litigation is awaiting trial as at the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

For further details of our related party transactions, please refer to Note 30 of Section A to the Accountants' Report in Appendix I to this prospectus. Our Directors confirm that these related party transactions were conducted on normal commercial terms that are considered fair and reasonable and in the interest of our Group and would not distort our results of operations during the Track Record Period or make our historical results not reflective of our expectation for our future performance.

FINANCIAL INFORMATION

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as at 31 March 2015 and 2016, 30 June 2016 and 31 October 2016, being the Latest Practicable Date for the purpose of this indebtedness in this prospectus:

	As at 31 March		As at 30 June	As at 31 October
	2015 <i>HK'000</i>	2016 <i>HK'000</i>	2016 <i>HK'000</i>	2016 <i>HK'000</i> (unaudited)
Amount due to a related party	5,619	2,429	926	–
Borrowings	2,174	2,205	6,805	21,475
Obligations under finance leases	<u>341</u>	<u>251</u>	<u>457</u>	<u>424</u>
	<u>8,134</u>	<u>4,885</u>	<u>8,188</u>	<u>21,899</u>

Bank borrowings and bank overdrafts

The following table sets forth a breakdown our bank borrowings and bank overdrafts as at the dates indicated:

	As at 31 March		As at 30 June	As at 31 October
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2016 <i>HK\$'000</i> (unaudited)
Bank loans – secured	2,174	1,176	5,753	21,475
Bank overdrafts	<u>–</u>	<u>1,029</u>	<u>1,052</u>	<u>–</u>
	<u>2,174</u>	<u>2,205</u>	<u>6,805</u>	<u>21,475</u>
Carrying amounts repayable*:				
On demand or within one year	1,428	1,713	6,378	13,643
More than one year, but not exceeding two years	254	264	267	3,112
More than two years, but not exceeding five years	<u>492</u>	<u>228</u>	<u>160</u>	<u>4,720</u>
Amount shown under current liabilities	<u>2,174</u>	<u>2,205</u>	<u>6,805</u>	<u>21,475</u>

* The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

FINANCIAL INFORMATION

The increase in our bank borrowings and bank overdrafts subsequent to the Track Record Period was used for (i) settling income tax payment and expenses in relation to Listing; and (ii) financing the payment of start-up costs for several projects commenced subsequent to the Track Record Period as well as the working capital needs of existing sizeable projects.

As at 31 October 2016, we had unutilised banking facilities of approximately HK\$16,699,000.

All of our bank borrowings and bank overdrafts were denominated in Hong Kong dollar and the interest rates as at 31 March 2015 and 2016, 30 June 2016 and 31 October 2016 were ranged from 4.0% to 4.5% per annum, 4.0% to 4.5% per annum, 4.0% to 4.5% per annum and 2.75% to 5.5% per annum, respectively for bank borrowings. And the interest rates of bank overdrafts as at 31 March 2015 and 2016, 30 June 2016 and 31 October 2016 were nil, 6.0% per annum, 4.25% per annum and nil, respectively.

As at 31 March 2015 and 2016 and 30 June 2016, our bank borrowings and bank overdrafts were secured by leasehold property owned by Mr. Lam and Mr. Cheung, deposits and prepayments for life insurance policies, and personal or corporate guarantees executed by Mr. Cheung, Mr. Lam and The Hong Kong Mortgage Corporation Limited. Please see Note 22 of Section A to the Accountants' Report in Appendix I to this prospectus for details of these securities. As at 31 October 2016, our bank borrowings and bank overdrafts were secured by leasehold property owned by Mr. Lam/Mr. Cheung, deposits and prepayments for life insurance policies, charge over a deposit of our Group and personal or corporate guarantees executed by executed by Mr. Cheung, Mr. Lam, The Hong Kong Mortgage Corporation Limited and the Government of Hong Kong Special Administrative Region. All personal or corporate guarantees executed by Mr. Lam, Mr. Cheung and The Hong Kong Mortgage Corporation Limited and charges over assets owned by Mr. Lam and Mr. Cheung, will be released upon the Listing.

Our bank borrowings contain certain standard covenants that are commonly found in lending arrangements with commercial banks. Our Directors have confirmed that we had not defaulted or delayed in any payment or breached any of the material covenants pertaining to our borrowings during the Track Record Period and up to the Latest Practicable Date.

Most of our bank borrowings were classified as current liabilities despite some of them were repayable in more than one year with payment schedule stipulated in the table above. Our bank loans were borrowed from major commercial banks in Hong Kong. Notwithstanding that (i) such term loans have specific repayment schedule; and (ii) the loan agreements stated specific situations that the banks can demand for repayment, as a general and standard term of the loan agreements with these major commercial banks, such loan agreements contain a general term entitling the banks to demand for repayment at their discretion. As a result, according to HK Interpretation 5, *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* (HK Interpretation 5), these bank borrowings were classified as current liabilities in our financial statements.

FINANCIAL INFORMATION

Save as the indebtedness as disclosed above, we currently do not have an external financing plan.

Obligations under finance leases

During the Track Record Period, we acquired certain motor vehicles by way of finance lease arrangements mainly through a bank. The following table sets out our obligations under finance leases repayable as at the dates indicated.

	As at 31 March		As at 30 June 2016	As at 31 October 2016
	2015	2016	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Within one year	90	102	99	100
In the second to fifth years, inclusive	<u>251</u>	<u>149</u>	<u>358</u>	<u>324</u>
Present value of minimum lease payments	<u><u>341</u></u>	<u><u>251</u></u>	<u><u>457</u></u>	<u><u>424</u></u>

All of our finance leases were denominated in Hong Kong dollars and the effective interest rates as at 31 March 2015 and 2016, 30 June 2016 and 31 October 2016 were 5.4% per annum, 5.4% per annum, 4.8% per annum and 4.8% per annum, respectively.

The obligations under finance leases were secured by the personal guarantee provided by Mr. Cheung. The personal guarantee provided by Mr. Cheung will be released upon Listing.

Contingent liabilities

Certain customers of construction contracts undertaken by us require to issue guarantees for the performance of contracts work in the form of surety bonds of approximately HK\$7,416,000, HK\$2,984,000, HK\$1,149,000 and HK\$1,772,000 as at 31 March 2015 and 2016, 30 June 2016 and 31 October 2016, respectively. Ample Construction, Ample Group and/or Mr. Cheung and Mr. Lam have unconditionally and irrevocably agreed to indemnify to the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the bonds. Each of these indemnities will be released upon Listing.

Save as disclosed herein and apart from intra-group liabilities, we did not have, at the close of business on 31 October 2016, being the Latest Practicable Date for determining our indebtedness, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

FINANCIAL INFORMATION

Our Directors confirm that there has not been any material change in our indebtedness and contingent liabilities since 31 October 2016 up to the date of this prospectus.

OFF-BALANCE SHEET ARRANGEMENTS

Our Group did not enter into any material off-balance sheet transactions or arrangements as at the Latest Practicable Date.

COMMITMENTS

Operating leases commitments

We leases office premises under non-cancellable operating lease arrangement for lease term of two years. The following table sets forth our commitments for future minimum lease payments as at the date indicated:

	As at 31 March		As at
	2015	2016	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Within one year	425	–	479
In the second to fifth years inclusive	–	–	359
	<u>425</u>	<u>–</u>	<u>838</u>

CAPITAL EXPENDITURES

The following table sets forth details of our capital expenditures during the Track Record Period:

	As at 31 March		As at
	2015	2016	30 June
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Capital expenditures			
Plant and equipment	<u>544</u>	<u>37</u>	<u>848</u>

Our capital expenditures during the Track Record Period principally consisted of expenditures on acquisitions of plant and equipment. During the Track Record Period, we incurred capital expenditures of approximately HK\$544,000, HK\$37,000 and HK\$848,000, respectively, primarily used for purchases of motor vehicles and furniture, fixtures and equipment.

FINANCIAL INFORMATION

SUMMARY OF KEY FINANCIAL RATIOS

The following set out our key financial ratios during the Track Record Period:

		As at or for the year ended		As at or for
		31 March		the three
	<i>Notes</i>	2015	2016	months
				ended 30
				June
				2016
PROFITABILITY RATIOS				
Return on assets	<i>1</i>	23.1%	18.6%	25.2% ⁽⁹⁾
Return on equity	<i>2</i>	77.2%	42.4%	62.9% ⁽⁹⁾
LIQUIDITY RATIOS				
Current ratio	<i>3</i>	1.3	1.7	1.6
Quick ratio	<i>4</i>	1.3	1.7	1.6
CAPITAL ADEQUACY RATIOS				
Gearing ratio	<i>5</i>	60.6%	20.8%	29.4%
Net debt to equity ratio	<i>6</i>	21.7%	N/A ⁽⁷⁾	N/A ⁽⁷⁾
Interest coverage	<i>8</i>	119.1 times	96.1 times	82.9 times

Notes:

1. Return on assets is calculated by dividing annualised net profit for the year/period divided by total assets at the end of the respective year/period and expressed as a percentage.
2. Return on equity is calculated by dividing annualised net profit attributable to the owners of our Company for the year/period divided by the total equity attributable to the owners of our Company at the end of the respective year/period and expressed as a percentage.
3. Current ratio is calculated by dividing total current assets by total current liabilities at the end of the respective year/period.
4. Quick ratio is calculated by dividing total current assets net of inventories by current liabilities at the end of the respective year/period.
5. Gearing ratio is calculated by dividing total debt (summation of borrowings, amount due to a related party and obligations under finance leases) by total equity at the end of the respective year/period and expressed as a percentage.
6. Net debt to equity ratio is calculated by dividing total debt (summation of borrowings, amount due to a related party and obligations under finance leases) net of cash and cash equivalents at the end of the year or period by total equity at the end of the respective year or period and expressed as a percentage;
7. Our Company was in a net cash position as at 31 March 2016 and 30 June 2016.
8. Interest coverage is calculated by the profit before interest and tax divided by the interest expenses for the year or period.

FINANCIAL INFORMATION

9. These figures have been annualised to be comparable to prior years for reference only, but are not indicative of the actual results.

Profitability ratios

Return on assets

Our return on assets decreased from approximately 23.1% for the year ended 31 March 2015 to approximately 18.6% for the year ended 31 March 2016. While we recorded approximately the same level of net profit in both years, total assets at 31 March 2016 was greater than that of 31 March 2015 due mainly to the accumulated reserves and hence return on assets decreased.

Return on equity

Our return on equity decreased from approximately 77.2% for the year ended 31 March 2015 to approximately 42.4% for the year ended 31 March 2016. Such decrease was mainly due to the increase in the total equity resulting from the increase in reserves due to the profit generated throughout the year while we recorded approximately the same level of net profit in both years.

Liquidity ratios

Current ratio and quick ratio

Our current ratio and quick ratio increased from approximately 1.3 as at 31 March 2015 to approximately 1.7 as at 31 March 2016. The increase was mainly attributable to the profit generated which resulted in the improvement in our net current assets position. Our current and quick ratio remained relatively stable at 1.7 and 1.6 as at 31 March 2016 and 30 June 2016, respectively.

Capital adequacy ratios

Gearing ratio

Our gearing ratio decreased from approximately 60.6% as at 31 March 2015 to approximately 20.8% as at 31 March 2016. Such decrease was mainly attributable to the significant increase in our total equity of approximately 75.0% which is resulted from the profit generated during the year.

Our gearing ratio increased from approximately 20.8% as at 31 March 2016 to approximately 29.4% as at 30 June 2016. Such increase was mainly due to the increase in our total debt of approximately 67.6% for the period and partially offset by the increase in the total equity of approximately 18.7% as a result of the profit generated for the period.

FINANCIAL INFORMATION

Net debt to equity ratio

Our debt to equity ratio was approximately 21.7% as at 31 March 2015 while no debt to equity ratio was calculated as at 31 March 2016 and 30 June 2016 since our bank balances and cash were larger than our total debt as at 31 March 2016 and 30 June 2016.

Interest coverage

Our interest coverage decreased from approximately 119.1 times for the year ended 31 March 2015 to approximately 96.1 times for the year ended 31 March 2016. Such decrease was mainly attributable to the increase of finance costs arising from bank overdrafts during for the year ended 31 March 2016. Our interest coverage decreased from approximately 96.1 times for the year ended 31 March 2016 to approximately 82.9 times for the 30 June 2016, as our Group has increased banking facilities to finance its operations, and there was an increase in obligation under finance leases arising from the purchase of motor vehicle.

WORKING CAPITAL SUFFICIENCY

Taking into consideration our Group's existing balance of cash and cash equivalent, cash flows from its operations, availability of bank facility and estimated net proceeds from the Placing, our Directors believe, after due and careful inquiry, that we have sufficient working capital for at least 12 months commencing from the date of this prospectus.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are, in the ordinary course of our business, exposed to a variety of financial risks, include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. We manage and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Foreign exchange risk

During the Track Record Period and as at the end of reporting periods, the majority of our transactions and balances were denominated in Hong Kong dollars. Our Directors consider that the currency risk is not significant and we currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to our interest-bearing financial assets and financial liabilities. Interest-bearing financial assets and financial liabilities are mainly deposits and certain borrowings with banks, respectively. Deposits and borrowings with banks carrying interest at variable rate expose us to cash flow interest rate risk.

FINANCIAL INFORMATION

Our deposits for life insurance policies are based on fixed interest rates. Our Directors consider that the fixed interest deposits for life insurance policies are not subject to significant fair value interest rate risk.

As we have no significant variable-rate interest-bearing financial assets and financial liabilities, except for short-term bank deposits and bank borrowings, our income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing financial assets and financial liabilities resulted from the changes in interest rates because the interest rates of bank deposits and bank borrowings are relatively low and not expected to change significantly.

Credit risk

Our credit risk mainly arises from the default of our counterparties on their contractual obligations, which will cause us financial loss. In order to minimise the credit risk, we monitored on an ongoing basis and follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, we consider that our credit risk is significantly reduced.

Our credit risk exposure is spread over a number of customers, accordingly, we have no significant concentration of credit risk on a single customer in this respect.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, we do not have any other significant concentration of credit risk.

Liquidity risk

We have built an appropriate liquidity risk management framework to meet our short, medium and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate cash balances and banking facilities.

DIVIDENDS

During the Track Record Period, we did not declare any dividend. Our Company declared a dividend in an amount of HK\$18 million in December 2016, of which approximately HK\$8 million was paid through internal resources and the balance of approximately HK\$10 million was set off against the outstanding balances of the amounts due from the Controlling Shareholders. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group will still maintain net current assets and net assets positions after payment of the dividend. We do not have a fixed dividend payout ratio. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group's future operations and earnings, capital requirements and surplus, general

FINANCIAL INFORMATION

financial condition, contractual restrictions and other factors which our Directors deem relevant. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. Dividends may be paid only out of our Company's distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

LISTING EXPENSES

Our estimated listing expenses primarily consist of legal and professional fees in relation to the Listing. Assuming a Placing Price of HK\$0.25 per Share, being the mid-point of the Placing Price range stated in this prospectus, the listing expenses to be borne by our Company are estimated to be approximately HK\$20,000,000, of which approximately HK\$7,049,000 is directly attributable to the issue of new Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately HK\$12,951,000 is chargeable to the combined statements of profit or loss and other comprehensive income, of which approximately HK\$4,512,000 and HK\$346,000 were charged to the combined statements of profit or loss and other comprehensive income for the year ended 31 March 2016 and the three months ended 30 June 2016, respectively, and approximately HK\$8,093,000 is expected to be charged for the nine months ended 31 March 2017. Our Directors are of the view that the liquidity position of our Group will not be adversely affected by the payment of listing expenses given that our Group maintained net current assets position as at 31 October 2016 and the remaining expenses will be settled by deducting the gross proceeds from the Placing. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have secured 68 additional contracts with an aggregate contract sum of approximately HK\$40,323,000 (6 of which have a project sum exceeding HK\$1 million). As at the Latest Practicable Date, we had 50 projects on hand (including contracts in progress as well as contracts that were awarded to us but not yet commenced). The aggregate contract sum of all contracts on hand is approximately HK\$91,521,000 and approximately HK\$22,365,000 of revenue has been recognised during the Track Record Period. We expect to recognise revenue of approximately HK\$69,156,000 for the year ending 31 March 2017 based only on our contracts on hand. As at the Latest Practicable Date, all existing projects have continued to contribute revenue to our Group and none of them have had any material interruption. The amount of revenue expected to be recognised is subject to change due to the actual progress and commencement and completion dates of our projects. Please refer to the section headed "Business – Our fitting-out, renovation and A&A project work portfolio" in this prospectus for further details.

FINANCIAL INFORMATION

Following the Track Record Period, we have been continuously approached by customers for submitting quotations or tenders for new projects. In this regard, our Directors have been cautiously optimistic in preparing our tenders and quotations with an aim to expand our business. A dividend of HK\$18 million was declared in December 2016 by our Company.

Our Directors confirm that there have not been any material adverse changes on our financial and trading position and our prospect after the Track Record Period and up to the date of this prospectus, other than the impact of listing expenses.

DISTRIBUTABLE RESERVES

As at 30 June 2016, our Company had no distributable reserves available for distribution to its equity holders.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets prepared in accordance with Rule 7.31 of the GEM Listing Rules are set out below to illustrate the effect of the Placing on the combined net tangible assets of our Group attributable to owners of our Company as of 30 June 2016 as if the Placing had taken place on that date.

The unaudited pro forma adjusted combined net tangible assets have been prepared for illustrative purposes only and, because of their hypothetical nature, they may not give a true picture of the combined net tangible assets of our Group had the Placing been completed as of 30 June 2016 or of any future dates. The unaudited pro forma adjusted combined net tangible assets are prepared based on the audited combined net tangible assets of our Group attributable to owners of our Company as of 30 June 2016 as set out in the Accountants' Report of our Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below:

	Audited combined net tangible assets of our Group attributable to owners of our Company as at 30 June 2016 HK\$'000 (Note 1)	Add: Estimated net proceeds from the Placing HK\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets HK\$'000	Unaudited pro forma adjusted combined net tangible assets per Share HK\$ (Note 3)
Based on the Placing Price of HK\$0.20 per Share	<u>27,869</u>	<u>41,419</u>	<u>69,288</u>	<u>0.06</u>
Based on the Placing Price of HK\$0.30 per Share	<u>27,869</u>	<u>68,297</u>	<u>96,166</u>	<u>0.09</u>

FINANCIAL INFORMATION

Notes:

1. The audited combined net tangible assets of our Group attributable to owners of our Company as at 30 June 2016 are based on audited combined net assets of our Group attributable to owners of our Company as at 30 June 2016 of approximately HK\$27,869,000 as shown in the financial information section of the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Placing are based on the lowest and highest Placing Price of HK\$0.20 and HK\$0.30 per Share respectively, after deduction of relevant estimated underwriting fees and other related fees and expenses to be borne by our Group (excluding listing expenses of approximately HK\$4,858,000 which have been accounted for prior to 30 June 2016).

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates given to our Directors to allot and issue or repurchase Shares referred to in the paragraph headed "General mandate to issue Shares" or the paragraph headed "Repurchase mandate" in the section headed "Share Capital" in this prospectus.

3. The unaudited pro forma adjusted combined net tangible assets per Share is determined after the adjustments as described in Notes 1 and 2 above and on the basis that 1,120,000,000 Shares in issue immediately following the completion of the Placing and the Capitalisation Issue. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates given to our Directors to allot and issue or repurchase Share referred to in the paragraph headed "General mandate to issue Shares" or the paragraph headed "Repurchase mandate" in the section headed "Share Capital" in this prospectus.
4. The unaudited pro forma financial information presented above does not take account of any trading results or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2016). In particular, in December 2016, an interim dividend of HK\$18,000,000 was declared to the then shareholders of our Company. The unaudited pro forma adjusted combined net tangible assets had not taken into account of the above transaction. Had the effect of the interim dividend of HK\$18,000,000 appropriated in December 2016 been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.05 and HK\$0.07, assuming the Placing Price of HK\$0.20 and HK\$0.30 per Share, respectively on the basis that 1,120,000,000 Shares were in issue and that the interim dividend appropriated in December 2016, the Placing and the Capitalisation Issue had been completed on 30 June 2016.

DISCLOSURE REQUIREMENTS UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there were no circumstances which would have given rise to a disclosure requirements under Rule 17.15 to 17.21 of the GEM Listing Rules.

MATERIAL ADVERSE CHANGE

The impact of the listing expenses on the profit or loss accounts has posted a material adverse change in the financial or trading position or prospect of our Group since 30 June 2016 (being the date of the latest audited combined financial statements were made up). Prospective investors should be aware of the impact of the listing expenses on the financial performance of our Group for the year ending 31 March 2017.

FINANCIAL INFORMATION

Save as disclosed above, our Directors have confirmed that, up to the date of this prospectus, there had been no material adverse change in the financial or trading positions or prospect of our Company or its subsidiaries since 30 June 2016 (being the date of which our Group's latest audited combined financial statements were made up as set out in the Accountants' Report in Appendix I to this prospectus) and there had been no event since 30 June 2016 which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

BUSINESS OBJECTIVE AND USE OF PROCEEDS

BUSINESS OBJECTIVE

Our primary business objective is to strengthen our position to take in more fitting-out, renovation and A&A projects in order to broaden our income sources, expand our customer base and achieve sustainable growth.

BUSINESS STRATEGIES AND FUTURE PLANS

Please refer to the section headed “Business – Business strategies” of this prospectus for a detailed description of our business strategies and future plans.

IMPLEMENTATION PLANS

We will endeavour to achieve the following milestones during the period from the Latest Practicable Date to 31 March 2019, and the respective scheduled completion time are based on certain bases and assumptions as set out in the paragraph headed “Bases and key assumptions of the business plans” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” of this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the time frame and that our future plans will be accomplished at all.

From the Latest Practicable Date to 31 March 2017

Business strategy	Implementation activities	Source of funds
Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong	<ul style="list-style-type: none">Utilise net proceeds from the Placing to finance the net cash outflows required in the early stage of two new projects with expected aggregate contract sum of not less than approximately HK\$7 million, including the upfront payments to the materials suppliers and subcontractors and take out surety bonds if necessary. These payments are paid upfront before we receive progress payment from our clients	Listing proceeds of approximately HK\$1.4 million
Participate in competitions and exhibitions to promote and develop our interior design and fitting-out business	<ul style="list-style-type: none">We will participate in one interior design competition, aiming at winning an award which could bolster our market reputation and demonstrate our strength in interior design	Listing proceeds of approximately HK\$0.2 million

BUSINESS OBJECTIVE AND USE OF PROCEEDS

Business strategy	Implementation activities	Source of funds
Expand our manpower for project execution and strengthen the skills of our staff	<ul style="list-style-type: none"> ● Identify suitable candidates to fill our Group's openings of one project manager and one project coordinator with relevant experience ● Organise in-house seminars and invite external speakers to provide taught training on construction methodology, project management and work safety in the in-house seminars 	Listing proceeds of approximately HK\$0.3 million
Strengthen our business development and quantity surveying and enhance our marketing resources	<ul style="list-style-type: none"> ● Set up a business development department which is to be headed by Ms. Wong, our executive Director ● Form a quantity surveying team which will consist of one quantity survey manager, one quantity surveyor and one project assistant, with sufficient relevant quantity surveying experience, which will assist our Group in preparing tenders, payment applications and controlling project costs ● Identify suitable candidates with business development experience ● Design, create and print our corporate brochures ● New design for our corporate website and its continuing maintenance 	Listing proceeds of approximately HK\$0.9 million
	Total:	HK\$2.8 million

BUSINESS OBJECTIVE AND USE OF PROCEEDS

From 1 April 2017 to 30 September 2017

Business strategy	Implementation activities	Source of funds
<p>Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong</p>	<ul style="list-style-type: none"> ● Utilise net proceeds from the Placing to finance the net cash outflows required in the early stage of three new projects with expected aggregate contract sum of not less than approximately HK\$7.5 million, including the upfront payments to materials suppliers and subcontractors ● In addition to previous successfully bid projects, our Group intends to submit tenders for project sum exceeding HK\$10 million in the fitting-out, renovation and A&A works industry. Our Directors confirm that surety bonds amounting to 10% to 30% are often required by the customers for the contractors to take out to guarantee due performance on projects of this size ● Undertake new large-sized projects with aggregate contract sum of not less than HK\$50 million and duration of the projects is expected to last for at least 12 months 	<p>Listing proceeds of approximately HK\$7.1 million</p>
<p>Participate in competitions and exhibitions to promote and develop our interior design and fitting-out business</p>	<ul style="list-style-type: none"> ● Participate in two interior design competitions, aiming at awards which could bolster our market reputation and demonstrate our strength in interior design ● Participate in one interior design related public exhibition as an exhibitor ● Build our interior design and fitting-out mock-up unit in our new office which will be open for public ● Identify suitable candidates to fill our two designer posts and one project manager (interior design) openings 	<p>Listing proceeds of approximately HK\$2.7 million</p>

BUSINESS OBJECTIVE AND USE OF PROCEEDS

Business strategy	Implementation activities	Source of funds
Expand our manpower for project execution and strengthen the skills of our staff	<ul style="list-style-type: none"> ● Continue to assess the sufficiency of our labour resources having regard to our project execution need and business development demand ● Organise in-house seminars and invite external speakers to provide or sponsor our project team staff to take taught training on construction methodology, project management and work safety ● Renovate our new office to cater to enlarged workforce and prepare for new business opportunities in the residential sector, when our existing office lease is due to expire 	Listing proceeds of approximately HK\$5.1 million
Strengthen our business development and quantity surveying and enhance our marketing resources	<ul style="list-style-type: none"> ● Maintain our business development department which is to be headed by Ms. Wong, our executive Director ● Identify suitable candidate to fill one business development position for interior design and fitting-out business ● Design, create and print our corporate brochures ● Continue to maintain our quantity surveying team ● Continue to maintain and improve our corporate website 	Listing proceeds of approximately HK\$1.9 million
	Total:	HK\$16.8 million

BUSINESS OBJECTIVE AND USE OF PROCEEDS

From 1 October 2017 to 31 March 2018

Business strategy	Implementation activities	Source of funds
<p>Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong</p>	<ul style="list-style-type: none"> ● Utilise net proceeds from the Placing to finance the net cash outflows required in the early stage of three new projects with expected aggregate contract sum of not less than approximately HK\$7.5 million, including the upfront payments to materials suppliers and subcontractors ● Our Group intends to submit tenders for project sum exceeding HK\$10 million in the fitting-out, renovation and A&A works industry. Our Directors confirm that surety bonds amounting to 10% to 30% are often required by the customers for the contractors to take out to guarantee due performance of the projects ● Set up a public housing improvement and maintenance team with new positions of contract manager and site agent, which are required for the registration in order to be included in “Group M1” of the List of Building Contractors for Public Works 	<p>Listing proceeds of approximately HK\$2.9 million</p>
<p>Participate in competitions and exhibitions to promote and develop our interior design and fitting-out business</p>	<ul style="list-style-type: none"> ● Assess the capacity of our interior design department and evaluate our labour resources in this department ● Participate in two interior design competitions, aiming at winning awards which could bolster our market reputation and demonstrate our strength in interior design ● Modify our interior design and fitting-out mock-up unit in our new office to have refreshed scheme 	<p>Listing proceeds of approximately HK\$1.6 million</p>

BUSINESS OBJECTIVE AND USE OF PROCEEDS

Business strategy	Implementation activities	Source of funds
Expand our manpower for project execution and strengthen the skills of our staff	<ul style="list-style-type: none"> ● Continue to assess the sufficiency of our labour resources having regard to our project execution need and business development demand ● Organise in-house seminars and invite external speakers to provide or sponsor our project team staff to take taught training on construction methodology, project management and work safety 	Listing proceeds of approximately HK\$1.4 million
Strengthen our business development and quantity surveying and enhance our marketing resources	<ul style="list-style-type: none"> ● Maintain our business development which is to be headed by Ms. Wong, our executive Director ● Design, create and print our corporate brochures ● Continue to maintain and improve our corporate website 	Listing proceeds of approximately HK\$2.0 million
	Total:	HK\$7.9 million

BUSINESS OBJECTIVE AND USE OF PROCEEDS

From 1 April 2018 to 30 September 2018

Business strategy	Implementation activities	Source of funds
Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong	<ul style="list-style-type: none">● Utilise net proceeds from the Placing to finance the net cash outflows required in the early stage of three new projects with expected aggregate contract sum of not less than approximately HK\$7.5 million, including the upfront payments to materials suppliers and subcontractors● Our Group intends to submit tenders for project sum exceeding HK\$10 million in the fitting-out, renovation and A&A works industry. Our Directors confirm that surety bonds amounting to 10% to 30% are often required by the customers for the contractors to take out to guarantee due performance of the projects● Assess the sufficiency of labour resources in our public housing improvement and maintenance team with reference to our registration status as “Group M1”	Listing proceeds of approximately HK\$3.0 million

BUSINESS OBJECTIVE AND USE OF PROCEEDS

Business strategy	Implementation activities	Source of funds
Participate in competitions and exhibitions to promote and develop our interior design and fitting-out business	<ul style="list-style-type: none"> ● Assess the capacity of our interior design department and evaluate our labour resources in this department ● Participate in two interior design competitions, aiming at awards which could bolster our market reputation and demonstrate our strength in interior design ● Participate in one interior design related public exhibition as an exhibitor. ● Modify our interior design and fitting-out mock-up unit in our new office to have refreshed scheme 	Listing proceeds of approximately HK\$2.2 million
Expand our manpower for project execution and strengthen the skills of our staff	<ul style="list-style-type: none"> ● Continue to assess the sufficiency of our labour resources having regard to our project execution need and business development demand ● Organise in-house seminars and invite external speakers to provide or sponsor our project team staff to take taught training on construction methodology, project management and work safety 	Listing proceeds of approximately HK\$1.4 million
Strengthen our business development and quantity surveying and enhance our marketing resources	<ul style="list-style-type: none"> ● Maintain our business development which is to be headed by Ms. Wong, our executive Director ● Design, create and print our corporate and other marketing materials ● Continue to maintain our quantity surveying team ● Continue to maintain and improve our corporate website 	Listing proceeds of approximately HK\$2.2 million
	Total:	HK\$8.8 million

BUSINESS OBJECTIVE AND USE OF PROCEEDS

From 1 October 2018 to 31 March 2019

Business strategy	Implementation activities	Source of funds
<p>Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong</p>	<ul style="list-style-type: none"> ● Utilise net proceeds from the Placing to finance the net cash outflows required in the early stage of 3 new projects with expected contract sum of not less than approximately HK\$7.5 million, including the payments to materials suppliers and subcontractors ● Our Group intends to submit tenders for project sum exceeding HK\$10 million in the fitting-out, renovation and A&A works industry. Our Directors confirm that surety bonds amounting to 10% to 30% are often required by the customers for the contractors to take out to guarantee due performance of the projects ● Assess the sufficiency of labour resources in our public improvement and maintenance team with reference to our projects on hand and our status as “Group M1” 	<p>Listing proceeds of approximately HK\$3.2 million</p>
<p>Participate in competitions and exhibitions to promote and develop our interior design and fitting-out business</p>	<ul style="list-style-type: none"> ● Assess the capacity of our interior design department and evaluate our labour resources in this department ● Participate in two interior design competitions, aiming at awards which could bolster our market reputation and demonstrate our strength in interior design ● Modify our interior design and fitting-out mock-up unit in our new office to have a refreshed scheme 	<p>Listing proceeds of approximately HK\$1.8 million</p>

BUSINESS OBJECTIVE AND USE OF PROCEEDS

Business strategy	Implementation activities	Source of funds
Expand our manpower for project execution and strengthen the skills of our staff	<ul style="list-style-type: none"> ● Continue to assess the sufficiency of our labour resources having regard to our project execution need and business development demand ● Organise in-house seminars and invite external speakers to provide or sponsor our project team staff to take taught training on construction methodology, project management and work safety 	Listing proceeds of approximately HK\$1.5 million
Strengthen our business development and quantity surveying and enhance our marketing resources	<ul style="list-style-type: none"> ● Continue to foster our business development effort with our business development department to be headed by Ms. Wong, our executive Director and prepare the necessary marketing materials, including our corporate brochures. ● Continue to maintain our quantity surveying team ● Continue to maintain our corporate website 	Listing proceeds of approximately HK\$2.2 million
	Total:	HK\$8.7 million
	Grand total:	HK\$45.0 million

BASES AND KEY ASSUMPTIONS OF THE BUSINESS PLANS

Our business objectives and strategies are based on the following general assumptions:

- (a) there will be no material changes in the existing political, legal, fiscal or economic conditions in Hong Kong in which any members of our Group carries on or will carry on business and provides or will provide our services;
- (b) there will be no material changes in the bases or rates of taxation in Hong Kong or in any places in which any members of our Group operates or is incorporated;
- (c) the Placing will be completed as described in the section headed “Structure and Condition of the Placing” in this prospectus;
- (d) we will be able to retain the key staff in the management and the professional team;

BUSINESS OBJECTIVE AND USE OF PROCEEDS

- (e) we will have sufficient financial resources to meet the planned capital expenditures and business development requirements during the period to which the business objective relates;
- (f) our Group is not materially and adversely affected by any risk factor set out in the section headed “Risk Factors” in this prospectus;
- (g) there are no wars, military incidents, pandemic diseases or natural disasters that would have a material impact on our Group’s business and operating activities; and
- (h) we will be able to continue our operation in substantially the same way as we have been operating and we will also be able to carry out our development plans without disruption.

Reasons for the Placing

Our Directors believe that the Listing will enhance our profile and recognition, and hence our ability to attract new businesses. Our Directors consider that a listing on GEM signifies a degree of financial strength of our Group which in turn our Directors believe is an important factor to be taken into account by our customers in evaluating our tenders, especially for large scale projects and projects in the public sector. In a fragmented industry in which our Group operates, our Directors are of the view that a public listing status will enable our Group to stand out from our competitors since the public disclosure of information of our Group would offer extra confidence to our customers who are otherwise not expected to obtain similar information from our competitors not publicly listed. In addition, our Board is also of the view that although the estimated net proceeds from the Placing only amount to approximately HK\$50 million, the Listing and the Placing will provide our Company with additional avenues to raise capital for our future business expansion and long-term development, and expand and diversify our capital base and Shareholders base as institutional funds and retail investors in Hong Kong can easily participate in the equity of our Company. The net proceeds from the Placing will strengthen our financial position and provide us with additional working capital to implement the future plans set out in the paragraph headed “Business strategies and future plans” in this section above. In choosing between debt financing and equity financing, our Directors have taken into account that (i) the specific nature of the industry in which our Group operates that upfront cash outflow is often incurred and has to be in place quickly after our client has engaged us, that would make equity financing more appropriate as fund raised from issue of new Shares is committed source of fund without maturity and poised to be utilised anytime; (ii) debt financing from banks or financial institutions normally require the pledge of properties or significant assets which our Group lacks; (iii) the increasing speculation that the interest rate in Hong Kong is set to rise and the use of debt financing in a material amount and the subsequent renewal of the debt would subject our Group to risk of increasing finance costs; and (iv) debt financing and equity financing are not mutually exclusive, but with a larger equity base, our Group may have a better position to bargain for more favourable terms from debt financiers.

BUSINESS OBJECTIVE AND USE OF PROCEEDS

Capital requirements

As our Group grows and expands, we received requests for quotation for larger and more complicated projects. As at the Latest Practicable Date, there have been 35 tenders or quotations for fitting-out, renovation and A&A projects submitted by us pending for results. Total tendered amount was approximately HK\$210.1 million. Assuming a success rate of 18.0% with reference to the Track Record Period is applied to the tendered amount⁽¹⁾, our Group may be expected to undertake new contract sum of approximately HK\$37.8 million. Taking into account that (i) it is a common requirement for contractors to take out surety bonds amounting to a certain percentage of the contract sum for sizeable projects, in which the surety bond requirement may result in the lock-up of a portion of our capital during the term of the surety bond and thereby affecting our liquidity position; and (ii) such projects would entail larger amounts of capital as well as more substantive amounts retained for start-up costs which would lead to net cash outflows in early stage of new projects before we receive progress payments from our customers, our Directors believe that in building a stronger financial position, our capacity to participate further in large scale fitting-out, renovation and A&A projects will increase, details are discussed below.

The start-up costs of our projects typically include materials costs, subcontracting fees and insurance expenses. We typically pay the start-up costs in advance of payment from our customers, while our customers normally make progress or milestone payments to us after our works commenced without advance payment or limited deposit. As detailed in the section headed “Business – Operating procedures – Progress payment” in this prospectus, for the monthly payment method, based on activities carried out and quantities of materials delivered on site in the preceding month or for the milestone payment method in which when certain agreed milestone of a project is reached, we make payment application to our customers accordingly. In general, the credit term for the settlement of payment by our customers varies from project to project and normally ranges from 7 to 30 days upon presentation of our invoice. As such, our customers generally make the first progress payment to our Group towards the third month following the commencement of a project and it could take longer if the subject project settles with milestone payment method, depending on the time needed to reach the agreed milestone. Moreover, more typical in larger projects, our clients may request us to undertake surety bonds for an amount of 10% of the total contract sum backed by guarantees in favour of our clients. The surety bond is normally released upon satisfactory completion of the project. For details, please also refer to the section headed “Business – Customers, sale and marketing – Principal terms of general contracts entered between our Group and the customers” in this prospectus.

The amount of start-up costs (including the requirements for surety bond) varies significantly project by project depending on the specifications and requirements in our contracts with our customers. For illustration purpose only, among the projects with project sum exceeding HK\$5 million awarded by our top five customers during the Track Record

Note:

1. For details of our tender success rate during the Track Record Period, please refer to the section headed “Business – Operating procedures” in this prospectus. The tendered amount does neither indicate any contract sum that will subsequently be awarded by our clients nor that we will conclude a contract with our clients.

BUSINESS OBJECTIVE AND USE OF PROCEEDS

Period, the project start-up costs incurred represented 0.5% to 46.0% (a majority of which is in the region of 10% to 20%, and the fluctuation is mainly due to programme of the project, the time required by our customer to certify our works, credit term of our suppliers and subcontractors, and background of our customers which may have better credibility and our Directors may be willing to incur larger start-up cost on large customers as their projects are often fast-running and they have high creditworthiness) of the contract sum and the amount involved in a project ranged from approximately HK\$0.1 million to HK\$8.3 million before our Group received the first interim payment. Given the substantial amount of start-up costs which can possibly and probably be incurred for a project, our Directors estimate that the allocated net proceeds from the Placing of approximately HK\$17.6 million can be used to fund the start-up costs of our prospective projects with an aggregate notional contract sum of approximately HK\$88 million by applying an estimated start-up cost percentage of 20% of the contract sum, being approximately the mid-point of the above range and the high end of the range of majority as our Directors (i) plan to maintain project pipeline from renowned customers, which we assess to be more creditworthy and we could feel secure to incur larger proportion of start-up costs; and (ii) target to expand our choice of suppliers and subcontractors which may not grant us long credit term for the first few cooperations. If the actual start-up costs percentage is higher or lower, the amount of aggregate notional contract sum that can be supported by the allocated net proceeds from the Placing will accordingly decrease or increase, respectively.

Our Directors believe that the cash flow requirements at the initial stage of our projects will constrain the number of projects that we can undertake under currently available resources. It is our business strategy to participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong as discussed in the section headed “Business – Business strategies” in this prospectus. Although our Group has obtained banking facilities from a few banks, the aggregate credit limit of these facilities is only limited and cannot meet the magnitude of funds that could be raised through the Placing and the drawbacks are that these facilities charge interest when our Group applies for drawdown and some of the facilities have to be renewed annually such that our Directors consider that these facilities should more appropriately be utilised for contingencies. Accordingly, strengthening our capital base by raising funds under the Placing is considered to be viable and beneficial for us.

As at 31 October 2016, our unaudited bank balances and cash position amounted to approximately HK\$15.1 million, of which approximately HK\$8.0 million will be used to settle the payment of the interim dividend to be paid to the Controlling Shareholders after netting off the amounts due from them in December 2016, the remaining approximately HK\$7.1 million will be reserved for our Group’s fixed overheads and supporting existing projects. For illustration purposes only, assuming a start-up cost of 20% of the contract sum is required, the potential new projects with an aggregate expected contract sum of approximately HK\$37.8 million, represents 43.0% of the aggregate notional contract sum of approximately HK\$88 million that is intended to be supported by the net proceeds from the Placing of HK\$17.6 million. As discussed in the section headed “Business – Business strategies” in this prospectus, we intend to apply for registration to be included in the “Group M1” of the List of Building Contractors administered by the Housing Authority under the category of “Business (Maintenance)” which will enable us to tender for maintenance and improvement contracts of the Housing Authority. According to the recent

BUSINESS OBJECTIVE AND USE OF PROCEEDS

tender awards results published by the Housing Authority, tenders awarded by the Housing Authority in the category of “Business (Maintenance)” are generally of larger contract sum (relative to our Group’s project size) which generally exceeds HK\$10 million. For reference, our Directors believe that we would be able to tender for seven of the tenders awarded by the Housing Authority from June 2016 to October 2016 which ranged from HK\$12.9 million to HK\$51.4 million if we were included in the “Group M1” of the List of Building Contractors. Our Group has set a target of HK\$50 million for contract to be awarded by the Housing Authority after we complete the necessary registration procedure with the Housing Authority, the start-up costs of which will be supported by the remaining amount of the net proceeds of the Placing. Accordingly, with the allocation of approximately HK\$17.6 million of the net proceeds from the Placing, our working capital pressure would be greatly relieved and our Group is also effectively equipped with larger project capacity. Therefore, the proceeds from the Placing will be important for our Group to implement our business strategies successfully, especially for us to participate further in large scale fitting-out, renovation and A&A projects, and enlarge our market share in Hong Kong. As our projects usually commence shortly after we are engaged by our customers, it would be impractical or unfavourable for our Group to raise fund to satisfy the financing needs when new projects are confirmed or commenced.

Participation in interior design competitions and exhibitions for the promotion and development of our interior design and fitting-out business

During the Track Record Period, our Group participated in eight interior design competitions and incurred aggregate costs of approximately HK\$1.2 million, which were mainly costs of our interior designers, application fees and media productions; on the other hand, our Group had not participated in any public exhibition or built any mock-up unit as our Directors considered that our Group did not have the spare labour and financial resources. In addition, our Directors are pleased to note that our interior design business has demonstrated robust growth throughout the Track Record Period, with year-on-year revenue growing at 123.8% for the year ending 31 March 2016 and 799.1% for the three months ended 30 June 2016. Our Directors remain optimistic on our interior design business and intend to integrate it with our fitting-out and renovation services to further unleash our Group’s potential in the market. As at 31 October 2016, our Group has six interior design contracts on hand which had an aggregate contract value of approximately HK\$2.1 million. Following the Listing, our Directors believe that participating in public interior design exhibitions as an exhibitor is an effective means to reach out directly to target customers and publicise the brand name of our Group which in turn helps promote our “design-and-build” business, i.e. bundled services of our interior design and fitting-out and renovation services. The target customers of our “design-and-build” business are in the private residential sector, where our business has been passively and mainly relied on referrals. Our Directors believe that interior design public exhibitions are ideal venues to entice and gather our target customers and in where our Group is able to actively market our services to them. Our Directors have identified several organisers which organise exhibitions with interior design theme regularly at the Hong Kong Convention and Exhibition Centre or other similar venues and estimated that the main costs for participation are participation fee payable to organiser, set up costs of the booth, staff costs and the cost of the display items, which would utilise the net proceeds of the Placing. Despite the impressive growth in our interior design business during the Track Record Period, we have only one interior design

BUSINESS OBJECTIVE AND USE OF PROCEEDS

team consisting of four staff as at 1 April 2014, 31 March 2015, 31 March 2016 and 30 June 2016. The incumbent interior design team had been led by one team leader with three junior designers and they had been working at their peak capacity, especially for the team leader, who had increasingly more projects to supervise. In order to cope with the continuing growth, after the Listing, our Directors consider it suitable to identify an experienced interior designer to lead one more interior design team. The interior design team will consist of one interior design project manager and two junior designers. Our two interior design teams will also work in tandem for preparation of our interior design competitions and public interior design exhibitions, as well as the design and supervision of the mock-up unit in our office.

In this regard, in respect of this business strategy of developing and promoting our interior design and fitting-out business with participation of interior design competitions and public exhibitions as the primary means, we intend to utilise the net proceeds as shown in the following plan:

	For the period from the Listing Date to 31 March 2017 <i>(HK\$ million)</i>	For the six months ending 30 September 2017 <i>(HK\$ million)</i>	For the six months ending 31 March 2018 <i>(HK\$ million)</i>	For the six months ending 30 September 2018 <i>(HK\$ million)</i>	For the six months ending 31 March 2019 <i>(HK\$ million)</i>	Total <i>(HK\$ million)</i>
Build and renovate mock-up unit	–	1.5	0.5	0.5	0.6	3.1
Participate in interior design competitions	0.2	0.3	0.3	0.3	0.3	1.4
Participate in public interior design exhibitions	–	0.5	–	0.5	–	1.0
Identify and retain suitable interior designers and to improve the office hardware and software	–	0.4	0.8	0.9	0.9	3.0
Total	0.2	2.7	1.6	2.2	1.8	8.5

Strengthening business development and quantity surveying capability of our Group

During the Track Record Period, our services were requested by our customers or their agents such as project management consultants who manage the projects including the tendering directly. Our Directors believe that organic growth would be limited and eventually reach a bottleneck if we rely only on our existing resources for bringing in new business. Therefore, to broaden our customer base, our Directors believe that a direct and effective method is to dedicate a business development department to be headed by Ms. Wong, our executive Director, for the improvement of our marketing materials and contents on our website and exploration of opportunities from new customers or other project management agents who had not yet known or worked with us previously. Unlike our current senior management who are responsible for both project management and new business development, the business development staff will not be expected to manage projects, but will actively build network with project management consultants in the efforts that they will invite us to tender or introduce us to their customers and to identify direct customers who may require our services. To this end, following the Listing, we plan to recruit two senior staff who have vast experience in the industry with solid business

BUSINESS OBJECTIVE AND USE OF PROCEEDS

connection, one of whom will focus on our residential “design-and-build” business and the other will focus on our existing fitting-out, renovation and A&A works mainly in the commercial and industrial sector.

Moreover, we plan to maintain a quantity surveying team to deal with our growing project size involving more complicated contracts, cost items and project budgeting. This team will be intended to alleviate the work load of our project management team, which currently handles all contract, procurement and payment application matters. Our Directors consider that such quantity surveying team is necessary to support our continued business growth and complete our organisation structure. The need for a quantity surveying team has become increasingly important as the project sums of our Group become larger and professional knowledge and relevant experienced staff are needed to deal with the estimation of value of work done, contract costs, potential claims, etc. Accordingly, our Directors plan to establish a quantity surveying team which will optimally comprise one quantity surveying manager, one quantity surveyor and one project assistant, who should possess relevant industry experience or professional qualifications.

Therefore, after careful evaluation of the different capital structures, our Directors decided to proceed with the Placing.

BUSINESS OBJECTIVE AND USE OF PROCEEDS

Use of proceeds

We intend to raise funds by the Placing in order to pursue our business objective as set out in the paragraph headed “Business objective” above in this section. Assuming a Placing Price of HK\$0.25 per Placing Share, the net proceeds from the Placing, after deducting related expenses, are estimated to be approximately HK\$50 million. We currently intend to apply such net proceeds from the Placing as follows:

	From the Latest Practicable Date to 31 March 2017	From 1 April 2017 to 30 September 2017	From 1 October 2017 to 31 March 2018	From 1 April 2018 to 30 September 2018	From 1 October 2018 to 31 March 2019	Total	Approximate % of net proceeds
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	
Participate further in large scale fitting-out, renovation and A&A projects and enlarge our market share in Hong Kong	1.4	7.1	2.9	3.0	3.2	17.6	35.2%
Build mock-up unit, recruit designers and participate in competitions and exhibitions	0.2	2.7	1.6	2.2	1.8	8.5	17.0%
Expand our manpower for project execution and strengthen the skills of our staff	0.3	5.1	1.4	1.4	1.5	9.7	19.4%
Strengthen our business development and quantity surveying and enhance our marketing resources	0.9	1.9	2.0	2.2	2.2	9.2	18.4%
General working capital of our Group	5.0	–	–	–	–	5.0	10.0%
	<u>7.8</u>	<u>16.8</u>	<u>7.9</u>	<u>8.8</u>	<u>8.7</u>	<u>50.0</u>	<u>100.0%</u>

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Placing Price is fixed at a higher or lower level compared to the midpoint of the estimated offer price range stated in this prospectus.

If the Placing Price is fixed at the high-end of the indicative Placing Price range, being HK\$0.30 per Share, the net proceeds we receive from the Placing will increase by approximately HK\$13.4 million. If the Placing Price is set at the low-end of the indicative Placing Price range, being HK\$0.20 per Share, the net proceeds we receive from the Placing will decrease by approximately HK\$13.4 million.

BUSINESS OBJECTIVE AND USE OF PROCEEDS

To the extent that the net proceeds from the issue of the Placing Shares are not immediately required for the purposes above, it is the present intention of our Directors that such net proceeds will be placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong.

We will issue an announcement in accordance with the GEM Listing Rules requirement if there is any material change in the use of proceeds as described above.

UNDERWRITING

UNDERWRITERS

Joint Bookrunners and Joint Lead Managers

Frontpage Capital Limited

CNI Securities Group Limited

Co-Managers (in alphabetical order)

Gransing Securities Co., Limited

Quam Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting agreement

Pursuant to the Underwriting Agreement, our Company is offering the Placing Shares at the Placing Price for subscription by professional, institutional or other investors. Subject to, among other matters, the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to the satisfaction of certain other conditions set out in the Underwriting Agreement being satisfied or waived on or before the 30th day after the date of this prospectus (or such later date as our Company and the Joint Lead Managers (also in its capacity as the Underwriter) may agree), the Underwriters have agreed to subscribe and/or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Placing under the Underwriting Agreement and in this prospectus.

Grounds for Termination

The obligations of the Underwriters in respect of the Placing Shares under the Underwriting Agreement are subject to termination. The Joint Lead Managers (for themselves and on behalf of the Underwriters) shall have the absolute right by notice in writing to our Company to terminate the Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if any of the following events shall occur prior to the Termination Time:

- (a) there develops, occurs, exists or comes into force:
 - (i) any change or development involving a prospective change or development in, or any event or series of events resulting or likely to result in or representing any prospective change or development in, local, national, regional or international financial, political, military, industrial, legal, economic, currency market, credit, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, credit markets, and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting

UNDERWRITING

Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, the European Union (or any member thereof), or any other jurisdiction relevant to any member of our Group (each a “**Relevant Jurisdiction**”); or

- (ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or
- (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, declaration of a national or international emergency, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, pandemic, outbreak of disease (including without limitation Severe Acute Respiratory Syndromes (SARS), H5N1, H1N1, H7N9)), economic sanctions, in or affecting any of the Relevant Jurisdictions; or
- (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
- (v) (A) any moratorium, suspension, restriction or limitation on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the American Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange, the Tokyo Stock Exchange, the Shenzhen Stock Exchange, or (B) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (vi) any change or development or event involving a prospective change in taxation, exchange controls (or the implementation of any exchange control) or foreign investment regulations in any of the Relevant Jurisdictions; or
- (vii) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or
- (viii) any adverse change or development or event or a prospective adverse change or development or event in our Group’s assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position,

UNDERWRITING

prospects, properties, results of operations, general affairs, shareholders' equity, management, position or condition, financial or otherwise, whether or not arising in the ordinary course of business; or

- (ix) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (x) the chairman or chief executive officer of our Company vacating his office; or
- (xi) a contravention by any member of our Group of the GEM Listing Rules or any applicable laws or regulations in the PRC, the Cayman Islands, Hong Kong and the BVI; or
- (xii) an order or petition is presented for the winding up or liquidation of our Company or any of our subsidiaries, or our Company or any of our subsidiaries make any compromise or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or any of our subsidiaries or anything analogous thereto occurs in respect of our Company or any of our subsidiaries; or
- (xiii) a demand by any creditor for repayment or payment of any of our Company's indebtedness or those of any of our subsidiaries or in respect of which our Company or any of our subsidiaries is liable prior to its stated maturity; or
- (xiv) any material loss or damage on our Group's financial and business operations sustained by our Company or any of our subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xv) any litigation or claim being instigated against our Company or any of our subsidiaries or the covenants as defined in the Underwriting Agreement (the "**Covenants**"); or
- (xvi) a prohibition on our Company for whatever reason from allotting or transferring the Placing Shares pursuant to the terms of the Placing; or
- (xvii) non-compliance by our Group or our Directors (of any other documents used in connection with the contemplated Placing of our Shares) or any aspect of the Placing with the GEM Listing Rules or any other applicable law or regulation; or

UNDERWRITING

- (xviii) other than with the approval of the Sponsor, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated Placing of our Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xix) any event which give rise or would give rise to liability on the part of our Company pursuant to the indemnity provisions in the Underwriting Agreement; or
- (xx) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus, and which, individually or in the aggregate, in the opinion of the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) and after consultation with our Company,
 - (A) has or may have or will have or is likely to have a materially adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, shareholders’ equity, profits, losses, trading position, results of operation, prospects, position or condition, financial or otherwise, or performance of our Company or our subsidiaries as a whole; or
 - (B) has or may have or will have or is likely to have a material adverse effect on the success or the indication of level of interest in the Placing; or
 - (C) makes, may make or will or is likely to make it impracticable or inadvisable or inexpedient for any part of the Underwriting Agreement, the Placing to proceed or to be performed or implemented as envisaged or to market the Placing; or
 - (D) makes or may make or will or is likely to make it inadvisable or inexpedient to proceed with the Placing or the delivery of the Placing Shares on the terms and in the manner contemplated by this prospectus; or
- (b) there has come to the notice of the Sponsor and the Lead Manager or any of the Underwriters after the date of the Underwriting Agreement:
 - (i) that any statement contained in this prospectus and other Placing Documents, the formal notice or any announcements in the agreed form issued or used by or on behalf of our Company in connection with the Placing (including any supplement or amendment thereto) was, when it was issued, or has or may become untrue or incorrect or misleading in any material respect, or

UNDERWRITING

that any forecast, expression of opinion, intention or expectation contained therein is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

- (ii) that any matter has arisen or has been discovered which, had it arisen or been discovered immediately before the date of this prospectus, would or might constitute a material omission from this prospectus and/or in any notices or announcements issued or used by or on behalf of our Company in connection with the Placing (including any supplement or amendment thereto); or
- (iii) that any of the warranties as set out in the Underwriting Agreement given by the warrantors is (or would when repeated be) untrue, inaccurate or misleading or having been breached; or
- (iv) that any matter, event, act or omission which gives or is likely to give rise to any liability of our Company or the Covenantors out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties as set out in the Underwriting Agreement and/or pursuant to the indemnities given by our Company, the Covenantors or any of them under the Underwriting Agreement; or
- (v) that any breach of any of the obligations or undertakings of any party to the Underwriting Agreement (other than the Sponsor, the Lead Manager or the Underwriters); or
- (vi) that our Company withdraws this prospectus; or
- (vii) that approval by the Listing Division of the listing of, and permission to deal in, our Shares in issue and to be issued (including the Shares to be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme) under the Placing is refused or not granted, other than subject to customary conditions, on or before the date of approval of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) that HLB Hodgson Impey Cheng Limited as the reporting accountants, CFN Lawyers in association with Broad & Bright and Mr. Yuen Siu Kei as the legal advisers to our Company on Hong Kong law, MdME as the legal advisers to our Company on Macau law, Shu Jin Law Firm as the legal advisers to our Company on the PRC law, Appleby as the legal advisers to our Company on Cayman law, Euromonitor International Limited as the market research consultant or Antonio & Clayton CPA Limited as the internal control consultant in relation to the Placing, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears.

UNDERWRITING

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Placing (including pursuant to the exercise of the Offer Size Adjustment Option and any options which were granted or to be granted under the Share Option Schemes) or under any of the circumstances provided under Rule 17.29 of the GEM Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has jointly and severally undertaken to the Stock Exchange and to our Company that, except pursuant to the Placing, they will not and will procure that the relevant registered holder(s) will not:

- (a) in the period commencing on the date by reference to which disclosure of his or its shareholding in our Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he or it is shown by this prospectus to be the beneficial owner; and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder of our Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has, jointly and severally, undertaken to the Stock Exchange and to our Company that:

- (i) in the event that the Controlling Shareholder pledges or charges any direct or indirect interest in any Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as securities for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date by reference to which disclosure of our shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it shall inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

UNDERWRITING

- (ii) having pledged or charged any interest in Shares under paragraph (i) above, he or it shall inform our Company immediately in the event that he or it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of the Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the GEM Listing Rules as soon as possible.

Undertakings pursuant to the Underwriting Agreement

(A) Undertakings by Our Company

We have undertaken to the Joint Lead Managers (for themselves and on behalf of the Underwriters) under the Underwriting Agreement that, and the Controlling Shareholders have undertaken to the Joint Lead Managers (for themselves and on behalf of the Underwriters) to procure, that except pursuant to the Placing and the exercise of the options granted under the Share Option Scheme and the allotment and issue of Shares pursuant to the exercise of the options so granted, (1) our Company will not without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed) and unless in compliance with the GEM Listing Rules, at any time after the date of the Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-month Period**”), (i) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or buy back, any of our share capital, debt capital or other securities of our Company or any of our subsidiaries or any interest therein or any voting right or any other right attaching thereto (including, but not limited to, any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such share capital or securities or any interest therein) save as pursuant to the Repurchase Mandate granted by our Shareholders to our Directors as described in Appendix IV to this prospectus, or (ii) enter into any swap or other arrangement that transfers to any third party other than any member of our Group, in whole or in part, any of the economic consequences of ownership of such share capital or securities or interest therein or any voting right or any other right attaching thereto, or (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above, or (iv) agree or contract to, or publicly announce any intention to enter into, any foregoing transaction described in (i), (ii) and (iii); whether any of the foregoing transactions described in (i), (ii) and (iii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; and (2) in the event of an issue or disposal of any Shares or any interest therein or any voting right or any other right attaching thereto during the sixmonth period immediately following the First Six-month Period (the “**Second Six-month Period**”), we will take all reasonable steps to ensure that such issue or disposal will not create a disorderly or false market in the securities of our Company.

UNDERWRITING

(B) Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) under the Underwriting Agreement, that it will not without the prior written consents of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed) and unless in compliance with the GEM Listing Rules, (i) he or she or it will not at any time during the First Six-Month Period offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase for, lend or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein held by him or her or it or any voting right or any other right attaching thereto (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) whether currently held or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree or contract to do any of the foregoing or announce any intention to do so, provided that the restriction shall not apply to any pledge or charge of Shares by the Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinances (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in accordance with the GEM Listing Rules; (ii) he or she or it will not at any time during the Second Six-Month Period enter into any of the transactions described in (i) above if, immediately following such transaction, he or she or it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company, provided that the restriction shall not apply to any pledge or charge of Shares by the Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinances (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in accordance with the GEM Listing Rules; and (iii) in the event of a disposal by him or her or it of any share capital or any interest therein or any voting right or any other right attaching thereto during the period referred to in (ii) above, he or she or it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for our Shares or other securities of our Company.

Undertakings in favour of our Company pursuant to the deed of lock-up undertaking

Voluntary lock-up undertaking by our Controlling Shareholders

Apart from satisfying the lock-up requirement under Rule 13.16A of the GEM Listing Rules, our Controlling Shareholders have entered into a deed of lock-up undertaking with our Company (for itself and for the benefit of each of its subsidiary) on 23 December 2016.

UNDERWRITING

Pursuant to the deed of lock-up undertaking, each of our Controlling Shareholders has undertaken to our Company and/or the Stock Exchange that he/it shall not at any time during the 24-month period following the Listing Date (the first 12 months of which is given to our Company and the Stock Exchange and is required under Rule 13.16A of the GEM Listing Rule while the second 12 months of which is given to our Company voluntarily by the Controlling Shareholders and can only be waived by majority of our Company's independent shareholders), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it or he is shown by this prospectus to be the beneficial owner if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, he/it would cease to be a Controlling Shareholder.

Commission and expenses

The Underwriters will receive a commission of 4% on the aggregate Placing Price of all the Placing Shares now being offered, out of which will, as the case may be, be applied to any sub-underwriting commissions and selling concession. The Underwriting commission, documentation fee, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expense relating to the Placing are estimated to be approximately HK\$20.0 million.

Underwriters' interests in our Company

Save for its interests and obligations under the Underwriting Agreement and save as disclosed in this prospectus, none of the Underwriters or any of its associates is interested beneficially or non-beneficially in any shares in any member of our Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares of any member of our Group.

Compliance Adviser's agreement

Under a compliance adviser's agreement dated 9 September 2016 and made between Frontpage Capital and our Company (the "**Compliance Adviser's Agreement**"), our Company appoints Frontpage Capital and Frontpage Capital agrees to act as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a fee from the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date, i.e. 31 March 2019, or until the agreement is terminated, whichever is earlier.

Sponsor's interest in our Company

Frontpage Capital, being the Sponsor, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save for the advisory and documentation fees to be paid to Frontpage Capital as the Sponsor to the Placing, its obligations under the Underwriting Agreement and any interests in securities that may be subscribed by it pursuant to the

UNDERWRITING

Placing, neither Frontpage Capital nor any of its associates has or may, as a result of the Placing, have any interest in any class of securities of our Company or any other company in our Group (including options or rights to subscribe for such securities).

No director or employee of Frontpage Capital who is involved in providing advice to our Company has or may, as a result of the Placing, have any interest in any class of securities of our Company or other company in our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Placing).

No director or employee of Frontpage Capital has a directorship in our Company or any other company in our Group.

SPONSOR'S INTERESTS

Save as provided for in the Underwriting Agreement, neither the Sponsor nor any of its associates has or may, as a result of the Placing, have any interest in any securities of our Company or any other member of our Group (including rights to subscribe for such securities).

Neither the Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the Placing, other than the following:

- (a) in taking up the underwriting obligations under the Underwriting Agreement;
- (b) by way of an underwriting commission to be paid to the Sponsor for acting as one of the Underwriters to the Placing pursuant to the Underwriting Agreement;
- (c) by way of documentation and financial fee to be paid to the Sponsor for acting as the Sponsor; and
- (d) in the usual and ordinary course of business of the Sponsor and its associates which involve trading of and dealing in securities may derive commissions from the trading of and dealing in securities of our Company or provide margin financing in connection thereto or purchase or sell securities of our Company or hold securities of our Company for investment purposes after its Listing on GEM.

None of the directors and employees of the Sponsor has any directorship in our Company or any other companies comprising our Group.

STRUCTURE AND CONDITIONS OF THE PLACING

PLACING PRICE

The Placing Price is not more than HK\$0.3 per Placing Share and expected to be not less than HK\$0.2 per Placing Share, plus a 1% brokerage fee, a 0.005% Stock Exchange trading fee and a 0.0027% SFC transaction levy. Applicants shall have to pay on application the maximum Placing Price of HK\$0.30 per Placing Share plus 1.0% brokerage fee, a 0.005% Stock Exchange trading fee and a 0.0027% SFC transaction levy amounting to a total of HK\$3,030.23 per board lot of 10,000 Shares.

The Placing Price is expected to be fixed by the Price Determination Agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Friday, 6 January 2017 (or such later date as may be agreed between our Company and the Joint Lead Managers). If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Placing Price by the Price Determination Date or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Placing will not become unconditional and will not proceed. Prospective investors of the Placing Shares should be aware that the Placing Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative range of the Placing Price as stated in this prospectus.

If, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and with the consent of our Company considers it appropriate (for instance, if the level of interest is below the indicative Placing Price range), the indicative Placing Price range may be reduced below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company shall, as soon as practicable following the decision to make such reduction, and in any event not later than 9:00 a.m. on the Price Determination Date publish an announcement on the reduction of the indicative Placing Price range on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.ampleconstruction.com.hk.

The level of indications of interests in the Placing and the basis of allocations of the Placing Shares will be announced on the website of the Stock Exchange at www.hkexnews.hk and our Company at www.ampleconstruction.com.hk on or before 9:00 a.m. on 11 January 2017.

THE PLACING

Placing

The Placing comprises 280,000,000 Placing Shares conditionally offered by our Company for subscription by way of private placements to professional, institutional or other investors. The Placing Shares will represent 25% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Placing. The Placing is fully underwritten by the Underwriters.

STRUCTURE AND CONDITIONS OF THE PLACING

Pursuant to the Placing, it is expected that the Underwriters or selling agents nominated by them, on behalf of our Company will conditionally place the Placing Shares at the Placing Price (plus a 1% brokerage fee, a 0.005% Stock Exchange trading fee and a 0.0027% SFC transaction levy) with selected professional, institutional or other investors in Hong Kong. Professional, institutional or other investors generally include brokers, dealers, high net worth individuals and companies (including fund managers) whose ordinary business involves dealing and investing in shares and other securities.

Basis of allocation

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to purchase further Shares or hold or sell the Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid professional and institutional shareholder base for the benefit of our Company and the Shareholders as a whole. In particular, the Placing Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules, that no more than 50% of the Shares in public hands at the time of the Listing will be owned by the three largest public shareholder. No allocations of the Placing Shares will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed. There will not be any preferential treatment in the allocation of the Placing Shares to any persons.

The Placing is subject to the conditions as stated in the paragraph headed “Conditions of the Placing” below in this section.

STRUCTURE AND CONDITIONS OF THE PLACING

CONDITIONS OF THE PLACING

Acceptance of your applications is conditional upon, among other things:

(a) Listing

the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein including any Shares which may fall to be issued upon exercise of the options that may be granted under the Share Option Scheme; and

(b) Underwriting Agreement

the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sponsor and the Joint Lead Managers (for themselves and on behalf of the Underwriters) and the Underwriting Agreement not being terminated in accordance with its terms or otherwise prior to 8:00 a.m. (Hong Kong time) on the Listing Date). Details of the Underwriting Agreement, the conditions and grounds for termination, are set out in the section headed “Underwriting” in this prospectus,

in each case, on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th day after the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by our Company at the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.ampleconstruction.com.hk on the next Business Day following such lapse.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Thursday, 12 January 2017. Shares will be traded in board lots of 10,000 Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. If the Stock Exchange grants the listing of and permission to deal in the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or, under contingent situation, any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

STRUCTURE AND CONDITIONS OF THE PLACING

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbrokers or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interest.

Details of the Placing will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

The following is the text of a report received from our Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

30 December 2016

The Directors
LKS Holding Group Limited
Frontpage Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding LKS Holding Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 (the “Track Record Period”), for inclusion in the prospectus of the Company dated 30 December 2016 (the “Prospectus”) in connection with the proposed listing of the Company's shares on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 11 February 2016. Through a corporate reorganisation as more fully explained in the paragraph headed “Corporate Reorganisation” in Appendix IV “Statutory and General Information” to the Prospectus (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 20 December 2016.

As at the date of this report, the Company has the following wholly-owned subsidiaries:

Name of subsidiary	Legal form, date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Thrive Tide Limited (“Thrive Tide”)	Limited liability company incorporated on 4 January 2016, the British Virgin Islands (the “BVI”)	US\$200	100% (direct)	Investment holding

Name of subsidiary	Legal form, date and place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
Ample Construction Company Limited (“Ample Construction”)	Limited liability company incorporated on 8 July 2002, Hong Kong	HK\$1,000,000	100% (indirect)	Provision of interior fitting-out, renovation, alteration and addition works services
Ample Design Company Limited (“Ample Design”)	Limited liability company incorporated on 9 November 2007, Hong Kong	HK\$10,000	100% (indirect)	Provision of interior design services

All companies now comprising the Group have adopted 31 March as their financial year end date.

No audited statutory financial statements have been prepared for the Company since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement, and the Company has not carried out any significant business transactions other than those transactions relating to the Reorganisation.

No audited statutory financial statements have been prepared for Thrive Tide since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement.

The statutory financial statements of Ample Construction and Ample Design for the years ended 31 March 2015 and 2016 were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and were audited by us.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period in accordance with HKFRSs issued by the HKICPA (the “Underlying Financial Statements”). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs.

We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements, on the basis set out in Note 1 of Section A below, and no adjustments to the Underlying Financial Statements are considered necessary in the preparation of this report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 1 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Group as at 31 March 2015 and 2016 and 30 June 2016 and of the Company as at 31 March 2016 and 30 June 2016, and of the combined financial performance and cash flows of the Group for the Track Record Period.

The comparative combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the three months ended 30 June 2015 together with the notes thereon have been extracted from the Group's unaudited combined financial information for the same period (the "June 2015 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review on the June 2015 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the June 2015 Financial Information consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the June 2015 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the June 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

Combined Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 March 2015 <i>HK\$'000</i>	Year ended 31 March 2016 <i>HK\$'000</i>	Three months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Three months ended 30 June 2016 <i>HK\$'000</i>
	<i>Notes</i>				
Revenue	5	134,047	140,719	30,342	30,252
Direct costs		<u>(115,280)</u>	<u>(110,777)</u>	<u>(25,137)</u>	<u>(22,371)</u>
Gross profit		18,767	29,942	5,205	7,881
Other income, other gains and losses, net	6	210	(962)	14	(285)
Administrative and other operating expenses		(6,471)	(15,818)	(1,767)	(2,375)
Finance costs	7	<u>(105)</u>	<u>(137)</u>	<u>(40)</u>	<u>(63)</u>
Profit before tax	8	12,401	13,025	3,412	5,158
Income tax expense	9	<u>(1,995)</u>	<u>(2,958)</u>	<u>(605)</u>	<u>(773)</u>
Profit and total comprehensive income for the year/period		<u>10,406</u>	<u>10,067</u>	<u>2,807</u>	<u>4,385</u>
Profit/(loss) and total comprehensive income/ (expense) for the year/period attributable to:					
Owners of the Company		10,545	9,957	2,900	4,385
Non-controlling interests		<u>(139)</u>	<u>110</u>	<u>(93)</u>	<u>–</u>
		<u>10,406</u>	<u>10,067</u>	<u>2,807</u>	<u>4,385</u>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Earnings per share					
– Basic and diluted	12	<u>1.26</u>	<u>1.19</u>	<u>0.35</u>	<u>0.52</u>

Details of dividends are disclosed in Note 11 to the Financial Information.

Combined Statements of Financial Position

		As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
	<i>Notes</i>			
Non-current assets				
Plant and equipment	13	639	424	976
Deposits and prepayments for life insurance policies	14	2,657	2,725	2,746
Derivative financial instruments	15	101	–	–
		<u>3,397</u>	<u>3,149</u>	<u>3,722</u>
Current assets				
Trade and other receivables	16	16,253	35,277	38,702
Amounts due from customers for contract work	17	9,185	4,761	8,524
Amounts due from related parties	18	10,977	3,732	3,797
Held-for-trading investments	19	13	10	10
Bank balances and cash	20	5,222	7,209	14,840
		<u>41,650</u>	<u>50,989</u>	<u>65,873</u>
Total assets		<u>45,047</u>	<u>54,138</u>	<u>69,595</u>
Current liabilities				
Trade and other payables	21	6,711	7,862	13,956
Derivative financial instruments	15	–	783	584
Amounts due to customers for contract work	17	14,860	15,411	16,680
Amount due to a related party	18	5,619	2,429	926
Borrowings	22	2,174	2,205	6,805
Obligations under finance leases	23	90	102	99
Current tax liabilities		1,926	1,545	2,318
		<u>31,380</u>	<u>30,337</u>	<u>41,368</u>
Net current assets		<u>10,270</u>	<u>20,652</u>	<u>24,505</u>
Total assets less current liabilities		<u>13,667</u>	<u>23,801</u>	<u>28,227</u>
Non-current liabilities				
Derivative financial instruments	15	–	168	–
Obligations under finance leases	23	251	149	358
		<u>251</u>	<u>317</u>	<u>358</u>
Net assets		<u>13,416</u>	<u>23,484</u>	<u>27,869</u>

		As at 31 March 2015 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
	<i>Notes</i>			
Capital and reserves				
Share capital	25	1,007	2	2
Reserves	26	<u>12,651</u>	<u>23,482</u>	<u>27,867</u>
Equity attributable to owners of the Company		13,658	23,484	27,869
Non-controlling interests		<u>(242)</u>	<u>–</u>	<u>–</u>
Total equity		<u><u>13,416</u></u>	<u><u>23,484</u></u>	<u><u>27,869</u></u>

Statements of Financial Position

		As at 31 March 2016 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
	<i>Notes</i>		
Current assets			
Cash		—	—
Current liabilities			
Other payables		419	—
Amount due to Ample Construction	24	<u>4,112</u>	<u>4,877</u>
		<u>4,531</u>	<u>4,877</u>
Net liabilities		<u><u>(4,531)</u></u>	<u><u>(4,877)</u></u>
Capital and reserve			
Equity attributable to owners of the Company			
Share capital	25	—	—
Reserve	26	<u>(4,531)</u>	<u>(4,877)</u>
Total equity		<u><u>(4,531)</u></u>	<u><u>(4,877)</u></u>

Combined Statements of Changes in Equity

	Attributable to owners of the Company				Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 (Note 25)	Special reserve HK\$'000 (Note 26)	Retained profits HK\$'000	Subtotal HK\$'000		
Balance at 1 April 2014	1,007	–	2,106	3,113	(103)	3,010
Profit/(loss) and total comprehensive income/ (expense) for the year	–	–	10,545	10,545	(139)	10,406
Balance at 31 March 2015	1,007	–	12,651	13,658	(242)	13,416
Profit and total comprehensive income for the year	–	–	9,957	9,957	110	10,067
Issue of shares of a subsidiary	1	–	–	1	–	1
Reorganisation	(1,006)	874	–	(132)	132	–
Balance at 31 March 2016	2	874	22,608	23,484	–	23,484
Profit and total comprehensive income for the period	–	–	4,385	4,385	–	4,385
Balance at 30 June 2016	<u>2</u>	<u>874</u>	<u>26,993</u>	<u>27,869</u>	<u>–</u>	<u>27,869</u>
For the three months ended 30 June 2015 (Unaudited)						
Balance at 1 April 2015	1,007	–	12,651	13,658	(242)	13,416
Profit/(loss) and total comprehensive income/ (expense) for the period	–	–	2,900	2,900	(93)	2,807
Balance at 30 June 2015	<u>1,007</u>	<u>–</u>	<u>15,551</u>	<u>16,558</u>	<u>(335)</u>	<u>16,223</u>

Combined Statements of Cash Flows

	Year ended 31 March 2015 <i>HK\$'000</i>	Year ended 31 March 2016 <i>HK\$'000</i>	Three months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Three months ended 30 June 2016 <i>HK\$'000</i>
Cash flows from operating activities				
Profit before tax	12,401	13,025	3,412	5,158
Adjustments for:				
– Depreciation of plant and equipment	246	252	63	85
– Dividend income from listed equity securities	–	(1)	–	–
– (Gain)/loss arising on change in fair value of derivative financial instruments	(101)	1,030	–	363
– (Gain)/loss arising on change in fair value of held-for-trading investments	(2)	3	(2)	–
– Gain on disposal of plant and equipment	(35)	–	–	(47)
– Impairment loss recognised on trade receivables	587	718	77	312
– Interest expense	105	137	40	63
– Interest income	–	(2)	–	–
– Interest income on deposits and prepayments for life insurance policies	(72)	(68)	(12)	(21)
– Reversal of impairment loss recognised on trade receivables	–	(77)	–	(275)
Operating cash flows before movements in working capital	13,129	15,017	3,578	5,638
(Increase)/decrease in trade and other receivables	(11,888)	(19,665)	3,485	(3,462)
(Increase)/decrease in amounts due from customers for contract work	(9,185)	4,424	1,385	(3,763)
(Increase)/decrease in amounts due from related parties	(12,753)	7,245	1,825	(65)
Increase/(decrease) in trade and other payables	4,190	1,151	(5,913)	6,094
Increase in amounts due to customers for contract work	14,860	551	5,008	1,269
Increase/(decrease) in amount due to a related party	2,428	(3,190)	(1,544)	(1,503)
Cash generated from operations	781	5,533	7,824	4,208
Interest received	–	2	–	–
Hong Kong Profits Tax paid	(236)	(3,339)	–	–
Net cash generated from operating activities	545	2,196	7,824	4,208

	Year ended 31 March 2015 <i>HK\$'000</i>	Year ended 31 March 2016 <i>HK\$'000</i>	Three months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Three months ended 30 June 2016 <i>HK\$'000</i>
Cash flows from investing activities				
Dividend received from listed equity securities	–	1	–	–
Net cash from derivatives financial instruments	–	22	–	(730)
Proceeds from disposal of plant and equipment	60	–	–	–
Purchases of plant and equipment	<u>(84)</u>	<u>(37)</u>	<u>(19)</u>	<u>(89)</u>
Net cash used in investing activities	<u>(24)</u>	<u>(14)</u>	<u>(19)</u>	<u>(819)</u>
Cash flows from financing activities				
Interest paid	(105)	(137)	(40)	(63)
Proceeds from issue of shares	–	1	–	–
Proceeds from borrowings	4,380	12,242	3,964	6,099
Repayment of borrowings	(3,440)	(13,240)	(1,245)	(1,522)
Repayment of obligations under finance leases	<u>(119)</u>	<u>(90)</u>	<u>(22)</u>	<u>(295)</u>
Net cash generated from/ (used in) financing activities	<u>716</u>	<u>(1,224)</u>	<u>2,657</u>	<u>4,219</u>
Net increase in cash and cash equivalents	1,237	958	10,462	7,608
Cash and cash equivalents at the beginning of year/period	<u>3,985</u>	<u>5,222</u>	<u>5,222</u>	<u>6,180</u>
Cash and cash equivalents at the end of year/period	<u>5,222</u>	<u>6,180</u>	<u>15,684</u>	<u>13,788</u>
	20			

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on 11 February 2016 as an exempted company with limited liability.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the Prospectus. The Company is an investment holding company. The Group is principally engaged in the provision of interior fitting-out, renovation, alteration and addition works services and interior design services.

Throughout the Track Record Period, the group entities were collectively controlled by Mr. Cheung Ka Yan (“Mr. Cheung”) and Mr. Lam Shui Wah (“Mr. Lam”) (collectively referred to as the “Controlling Shareholders”). Through the Reorganisation as more fully explained in the section headed “History, Development and Reorganisation – Reorganisation” to the Prospectus, the Company became the holding company of the companies now comprising the Group on 20 December 2016. Accordingly, for the purpose of the preparation of the Financial Information of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the Track Record Period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the common control of the Controlling Shareholders prior to and after the Reorganisation.

The Financial Information has been prepared as if the Company had been the holding company of the Group throughout the Track Record Period in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position as at the respective reporting dates have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

The Financial Information is presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently adopted Hong Kong Accounting Standards (“HKASs”), HKFRSs, amendments and interpretations (“HK(IFRIC)-Int”) issued by the HKICPA which are effective for the Group’s annual accounting period beginning on 1 April 2016 throughout the Track Record Period.

At the date of this report, the HKICPA has issued the following new and revised standards and amendments that are not yet effective. The Group has not early adopted these standards and amendments.

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transaction ²
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹

- ¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- ² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- ³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
- ⁴ Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial Instruments

HKFRS 9 was issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 that are relevant to the Group are:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an “economic relationship”. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company are in the process of assessing the impact of the application of HKFRS 9. However, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company are in the process of assessing the impact on the application of HKFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group’s recognition of right-of-use assets and corresponding liabilities in respect of many of the Group’s lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these Financial Information. As set out in Note 28, total operating lease commitments of the Group in respect of rented office premises as at 30 June 2016 amounted to approximately HK\$838,000. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group’s result.

The directors of the Company anticipate that the application of the other new and revised standards and amendments will have no material impact on the Financial Information of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4 below.

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from fitting-out, renovation, alteration and addition works services income is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to surveys of work performed.

Interior design services income is recognised when the services have been rendered.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments. Contract costs comprise direct materials, costs of subcontracting, direct labour and an appropriate portion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of each of the Track Record Period.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for contract work.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for contract work.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as a obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair

value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the combined statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the combined statements of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Plant and equipment

Plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'other income, other gains and losses, net' line item.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits and prepayments for life insurance policies, trade and other receivables, amounts due from related parties and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment of financial assets could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a related party, amount due to Ample Construction, borrowings and obligations under finance leases) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the combined statements of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the futures, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts revenue recognition

The Group recognises contract revenue and cost of a construction contract according to the management's estimation of the progress and outcome of the project. Estimated contract revenue is determined with reference to the terms of the relevant contracts. Estimated contract cost, which mainly comprises direct labour cost, subcontracting charges and costs of materials, is variable and estimated by the management on the basis of estimated cost of direct labour, subcontracting charges and costs of materials from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management frequently reviews and revises the estimates of both estimated contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Allowance for trade and other receivables

The Group makes impairment loss for doubtful debts based on an assessment of the recoverability of trade and other receivables. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates based on the creditworthiness and the past collection history of each customer. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the period in which such estimate has been changed.

5. REVENUE AND SEGMENT INFORMATION

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of interior fitting-out, renovation, alteration and addition works services and interior design services. Since this is the only operating segment of the Group, no further analysis for segment information is presented.

Revenue from major services

The Group's revenue from its major services were as follows:

	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2016 HK\$'000	Three months ended 30 June 2015 HK\$'000 (Unaudited)	Three months ended 30 June 2016 HK\$'000
Fitting-out and renovation services	98,247	94,644	23,321	19,607
Alteration and addition works services	32,697	39,130	6,801	8,667
Interior design services	3,103	6,945	220	1,978
	<u>134,047</u>	<u>140,719</u>	<u>30,342</u>	<u>30,252</u>

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. All of the Group's revenue from external customers during the Track Record Period are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

Information about major customers

Revenue from customers contributing over 10% of the Group's total revenue during the Track Record Period are as follows:

	Year ended 31 March 2015 <i>HK\$'000</i>	Year ended 31 March 2016 <i>HK\$'000</i>	Three months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Three months ended 30 June 2016 <i>HK\$'000</i>
Customer A	57,257	55,415	19,019	N/A ¹
Customer B	14,183	N/A ¹	4,473	N/A ¹
Customer C	14,012	N/A ¹	N/A ¹	N/A ¹
Customer D	N/A ¹	19,119	N/A ¹	N/A ¹
Customer E	N/A ¹	N/A ¹	N/A ¹	6,111

¹ The corresponding revenue did not contribute over 10% of the Group's total revenue.

6. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	Year ended 31 March 2015 <i>HK\$'000</i>	Year ended 31 March 2016 <i>HK\$'000</i>	Three months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Three months ended 30 June 2016 <i>HK\$'000</i>
Other income				
Bank interest income	–	2	–	–
Dividend income from listed equity securities	–	1	–	–
Interest income on deposits and prepayments for life insurance policies	72	68	12	21
Sundry income	–	–	–	10
	<u>72</u>	<u>71</u>	<u>12</u>	<u>31</u>
Other gains and losses, net				
Gain/(loss) arising on change in fair value of derivative financial instruments	101	(1,030)	–	(363)
Gain/(loss) arising on change in fair value of held-for-trading investments	2	(3)	2	–
Gain on disposal of plant and equipment	35	–	–	47
	<u>138</u>	<u>(1,033)</u>	<u>2</u>	<u>(316)</u>
	<u>210</u>	<u>(962)</u>	<u>14</u>	<u>(285)</u>

7. FINANCE COSTS

	Year ended 31 March 2015 <i>HK\$'000</i>	Year ended 31 March 2016 <i>HK\$'000</i>	Three months ended 30 June 2015 <i>HK\$'000</i> (Unaudited)	Three months ended 30 June 2016 <i>HK\$'000</i>
Interest on bank borrowings and overdrafts	80	124	37	49
Interest on finance leases	25	13	3	14
	<u>105</u>	<u>137</u>	<u>40</u>	<u>63</u>

8. PROFIT BEFORE TAX

	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2016 HK\$'000	Three months ended 30 June 2015 HK\$'000 (Unaudited)	Three months ended 30 June 2016 HK\$'000
Profit before tax has been arrived at after charging/(crediting):				
Auditors' remuneration	100	100	25	25
Depreciation of plant and equipment	246	252	63	85
Impairment loss recognised on trade receivables	587	718	77	312
Listing expenses	–	4,512	–	346
Net foreign exchange losses	–	34	–	–
Operating lease payments in respect of rented premises	425	425	106	120
Reversal of impairment loss recognised on trade receivables	–	(77)	–	(275)
Employee benefits expense:				
Salaries and other benefits	7,850	9,828	2,109	2,397
Contributions to retirement benefit scheme	236	325	72	81
Total employee benefits expense, including directors' emoluments (<i>Note 10</i>)	<u>8,086</u>	<u>10,153</u>	<u>2,181</u>	<u>2,478</u>

During the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, total employee benefits expense amounting to approximately HK\$4,720,000, HK\$5,257,000, HK\$1,056,000 and HK\$1,281,000 respectively was included in direct costs and amounting to approximately HK\$3,366,000, HK\$4,896,000, HK\$1,125,000 and HK\$1,197,000 respectively was included in administrative and other operating expenses.

9. INCOME TAX EXPENSE

	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2016 HK\$'000	Three months ended 30 June 2015 HK\$'000 (Unaudited)	Three months ended 30 June 2016 HK\$'000
Current income tax:				
– Hong Kong Profits Tax	2,093	2,945	605	773
(Over)/under-provision in prior years/ periods	<u>(98)</u>	<u>13</u>	<u>–</u>	<u>–</u>
Total income tax recognised in profit or loss	<u>1,995</u>	<u>2,958</u>	<u>605</u>	<u>773</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in or derived from Hong Kong for the Track Record Period.

The tax charge for the Track Record Period can be reconciled to the profit before tax per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2016 HK\$'000	Three months ended 30 June 2015 HK\$'000 (Unaudited)	Three months ended 30 June 2016 HK\$'000
Profit before tax	<u>12,401</u>	<u>13,025</u>	<u>3,412</u>	<u>5,158</u>
Tax at Hong Kong Profits Tax rate of 16.5%	2,046	2,149	563	851
Tax effect of temporary differences not recognised	1	14	(10)	(56)
Tax effect of income not taxable for tax purpose	–	(1)	–	(8)
Tax effect of expenses not deductible for tax purpose	2	840	–	57
Tax effect of tax losses not recognised	77	3	51	–
Utilisation of tax losses previously not recognised	–	(60)	–	(74)
Others	(33)	–	1	3
(Over)/under-provision in prior years/ periods	<u>(98)</u>	<u>13</u>	<u>–</u>	<u>–</u>
Income tax expense for the year/period	<u>1,995</u>	<u>2,958</u>	<u>605</u>	<u>773</u>

No deferred tax assets and liabilities are recognised in the Financial Information as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts at 31 March 2015 and 2016 and 30 June 2016.

As at 31 March 2015 and 2016 and 30 June 2016, the Group had unused tax losses of approximately HK\$818,000, HK\$469,000 and HK\$20,000 respectively, subject to agreement by the Inland Revenue Department, that are available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in relation to tax losses due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Details of the emoluments paid or payable to directors of the Company during the Track Record Period are as follows:

	Fees <i>HK\$'000</i>	Salaries and other benefits in kind <i>HK\$'000</i>	Discretionary bonuses <i>HK\$'000</i>	Contributions to retirement benefit scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2015					
Executive directors					
Ms. Wong Wan Sze ("Ms. Wong") (<i>Note (i)</i>)	–	300	–	4	304
Mr. Lam (<i>Note (ii)</i>)	–	990	–	18	1,008
	<u>–</u>	<u>1,290</u>	<u>–</u>	<u>22</u>	<u>1,312</u>
For the year ended 31 March 2016					
Executive directors					
Ms. Wong (<i>Note (i)</i>)	–	300	–	26	326
Mr. Lam (<i>Note (ii)</i>)	–	1,440	–	18	1,458
	<u>–</u>	<u>1,740</u>	<u>–</u>	<u>44</u>	<u>1,784</u>
For the three months ended 30 June 2016					
Executive directors					
Ms. Wong (<i>Note (i)</i>)	–	75	–	4	79
Mr. Lam (<i>Note (ii)</i>)	–	360	–	5	365
	<u>–</u>	<u>435</u>	<u>–</u>	<u>9</u>	<u>444</u>
For the three months ended 30 June 2015 (Unaudited)					
Executive directors					
Ms. Wong (<i>Note (i)</i>)	–	75	–	4	79
Mr. Lam (<i>Note (ii)</i>)	–	360	–	5	365
	<u>–</u>	<u>435</u>	<u>–</u>	<u>9</u>	<u>444</u>

Notes:

- (i) Ms. Wong was appointed as executive director of the Company on 5 May 2016. She was also an employee of certain subsidiaries of the Company and the Group paid emoluments to her in her capacity as employee of these subsidiaries during the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016.
- (ii) Mr. Lam was appointed as executive director of the Company on 11 February 2016. He was also a director of certain subsidiaries of the Company and the Group paid emoluments to him in his capacity as directors of these subsidiaries during the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016.
- (iii) Mr. Ng Man Wai, Mr. Wu Wai Ki and Ms. Tsang Ngo Yin were appointed as independent non-executive directors of the Company on 20 December 2016. During the Track Record Period, the aforesaid independent non-executive directors have not yet been appointed and received no directors' remuneration in their capacity as directors.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, 1, 1, 1 and 1 of them were directors of the Company for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, respectively whose emoluments are disclosed above. The emoluments in respect of the remaining 4, 4, 4 and 4 individuals for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016, respectively were as follows:

	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2016 HK\$'000	Three months ended 30 June 2015 HK\$'000 (Unaudited)	Three months ended 30 June 2016 HK\$'000
Salaries and other benefits	2,306	2,865	708	771
Discretionary bonuses	587	269	–	–
Contributions to retirement benefit scheme	70	72	18	18
	<u>2,963</u>	<u>3,206</u>	<u>726</u>	<u>789</u>

The emoluments of the highest paid employees who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	Year ended 31 March 2015	Year ended 31 March 2016	Number of individuals Three months ended 30 June 2015 (Unaudited)	Three months ended 30 June 2016
Nil to HK\$1,000,000	3	3	4	4
HK\$1,000,001 to HK\$1,500,000	1	1	–	–
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company waived any emoluments during the Track Record Period.

11. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation or by other group entities during the Track Record Period.

12. EARNINGS PER SHARE

For the purpose of this report, the calculation of basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company for the Track Record Period and (ii) the weighted average number of 840,000,000 shares (comprising 20,000 shares in issue and 839,980,000 shares to be issued under the capitalisation issue as described in the section headed “Further information about our Company – Written resolutions of the existing Shareholders passed on 23 December 2016” in Appendix IV “Statutory and General Information” to the Prospectus) as if these 840,000,000 shares were outstanding throughout the Track Record Period.

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the Track Record Period.

13. PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture , fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
Balance at 1 April 2014	411	74	242	727
Additions	–	18	526	544
Disposals	–	–	(242)	(242)
Balance at 31 March 2015	411	92	526	1,029
Additions	–	37	–	37
Balance at 31 March 2016	411	129	526	1,066
Additions	–	89	759	848
Disposals	–	–	(526)	(526)
Balance at 30 June 2016	411	218	759	1,388
Accumulated depreciation				
Balance at 1 April 2014	113	31	217	361
Depreciation expense	74	14	158	246
Eliminated on disposals	–	–	(217)	(217)
Balance at 31 March 2015	187	45	158	390
Depreciation expense	75	20	157	252
Balance at 31 March 2016	262	65	315	642
Depreciation expense	19	9	57	85
Eliminated on disposals	–	–	(315)	(315)
Balance at 30 June 2016	281	74	57	412
Carrying amounts				
Balance at 31 March 2015	<u>224</u>	<u>47</u>	<u>368</u>	<u>639</u>
Balance at 31 March 2016	<u>149</u>	<u>64</u>	<u>211</u>	<u>424</u>
Balance at 30 June 2016	<u>130</u>	<u>144</u>	<u>702</u>	<u>976</u>

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

As at 31 March 2015 and 2016 and 30 June 2016, a motor vehicle held under finance leases with a carrying amount of approximately HK\$368,000, HK\$211,000 and HK\$702,000 respectively.

14. DEPOSITS AND PREPAYMENTS FOR LIFE INSURANCE POLICIES

The Group entered into two life insurance policies with an insurance company to insure Mr. Cheung and Mr. Lam. Under the policies, Ample Construction is the beneficiary and policy holder and the total insured sum is US\$2,000,000. Ample Construction is required to pay upfront deposits of approximately US\$333,000. Ample Construction can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal, which is determined by the upfront payments of approximately US\$333,000 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if withdrawal is made at any time during the first to the fifteenth policy year, as appropriate, a pre-determined specified amount of surrender charge would be imposed. The insurance company will pay Ample Construction a guaranteed interest of 4.0% per annum for the first ten years, followed by guaranteed interest rate of 3.0% or above per annum for the following years.

At 31 March 2015 and 2016 and 30 June 2016, the deposits and prepayments for life insurance policies amounted to approximately HK\$2,657,000, HK\$2,725,000 and HK\$2,746,000 respectively. The deposits and prepayments for life insurance policies are denominated in US\$.

15. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Financial assets			
Foreign currency forward contracts	101	–	–
	<u>101</u>	<u>–</u>	<u>–</u>
<i>Represented by:</i>			
Non-current portion	101	–	–
	<u>101</u>	<u>–</u>	<u>–</u>
Financial liabilities			
Foreign currency forward contracts	–	(951)	(584)
	<u>–</u>	<u>(951)</u>	<u>(584)</u>
<i>Represented by:</i>			
Current portion	–	(783)	(584)
Non-current portion	–	(168)	–
	<u>–</u>	<u>(951)</u>	<u>(584)</u>

As at 31 March 2015 and 2016 and 30 June 2016, the Group had outstanding foreign currency forward contracts and the expiry dates are May 2016, ranged from April 2016 to June 2017, and ranged from July 2016 to June 2017 respectively.

The aggregate notional principal amounts of outstanding foreign currency contracts at 31 March 2015 and 2016 and 30 June 2016 were approximately RMB10,080,000, RMB10,733,000 and RMB653,000 respectively.

16. TRADE AND OTHER RECEIVABLES

	As at 31 March 2015 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Trade receivables	7,797	24,786	28,291
Less: Allowance for doubtful debts	<u>(587)</u>	<u>(1,165)</u>	<u>(1,202)</u>
	7,210	23,621	27,089
Retention receivables	5,731	10,650	11,055
Other receivables, prepayments and deposits	<u>3,312</u>	<u>1,006</u>	<u>558</u>
	<u>16,253</u>	<u>35,277</u>	<u>38,702</u>

The Group allows a credit period ranging from 7 to 30 days to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date, at the end of each of the Track Record Period, is as follows:

	As at 31 March 2015 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
0 – 30 days	2,709	17,130	21,138
31 – 60 days	1,424	4,451	2,617
61 – 90 days	2,334	458	2,179
91 – 180 days	454	1,245	1,073
Over 180 days	<u>289</u>	<u>337</u>	<u>82</u>
	<u>7,210</u>	<u>23,621</u>	<u>27,089</u>

Trade receivables disclosed above include amounts which are past due at the end of each of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The concentration of credit risk is limited due to the customer base being large and unrelated.

Ageing of trade receivables which are past due but not impaired

	As at 31 March 2015 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Overdue by:			
1 – 30 days	2,228	4,451	2,615
31 – 60 days	3,294	458	2,179
61 – 90 days	465	445	781
91 – 180 days	454	906	374
Over 180 days	<u>289</u>	<u>231</u>	<u>–</u>
	<u>6,730</u>	<u>6,491</u>	<u>5,949</u>

Movement in the allowance for doubtful debts

	As at 31 March 2015 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Balance at beginning of the year/period	–	587	1,165
Impairment losses recognised during the year/period	587	718	312
Amounts written off during the year/period as uncollectible	–	(63)	–
Impairment losses reversed	–	(77)	(275)
	<u>–</u>	<u>(77)</u>	<u>(275)</u>
Balance at end of the year/period	<u>587</u>	<u>1,165</u>	<u>1,202</u>

The individually impaired trade receivables disclosed above relate to customers that have been in default in payment or in financial difficulties in repaying their outstanding balances.

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgement and estimates. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management on the collectability of overdue balances.

Age of impaired trade receivables

	As at 31 March 2015 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>	As at 30 June 2016 <i>HK\$'000</i>
Overdue by:			
91 – 180 days	165	–	–
Over 180 days	422	1,165	1,202
	<u>422</u>	<u>1,165</u>	<u>1,202</u>
	<u>587</u>	<u>1,165</u>	<u>1,202</u>

Except for retention receivables of approximately HK\$5,223,000, HK\$4,205,000 and HK\$2,141,000 as at 31 March 2015 and 2016 and 30 June 2016 respectively, which are expected to be recovered after one year, all of the remaining retention receivables are expected to be recovered within one year.

17. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Contracts in progress at the end of each of the reporting period:			
Contract costs incurred plus recognised profits less recognised losses	109,214	206,551	211,867
Less: Progress billings	<u>(114,889)</u>	<u>(217,201)</u>	<u>(220,023)</u>
	<u>(5,675)</u>	<u>(10,650)</u>	<u>(8,156)</u>
Analysed for reporting purposes as:			
Amounts due from customers for contract work	9,185	4,761	8,524
Amounts due to customers for contract work	<u>(14,860)</u>	<u>(15,411)</u>	<u>(16,680)</u>
	<u>(5,675)</u>	<u>(10,650)</u>	<u>(8,156)</u>

At 31 March 2015 and 2016 and 30 June 2016, retentions held by customers for contract work amounted to approximately HK\$5,731,000, HK\$10,650,000 and HK\$11,055,000 respectively as set out in Note 16. Retention monies withheld by customers of contract works are released after the completion of defects liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

18. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Amounts due from related parties:			
Ample Consultants & Contracting Company Limited (Note (i))	2	–	–
Ample Interiors Limited (Note (ii))	3	–	–
Ample Group Limited (Note (i))	6,177	–	–
Andiamo Lighting Company Limited (Note (ii))	3	–	–
Heavenly White Limited (Note (ii))	–	–	1
Summer Unicorn Limited (Note (iii))	–	–	1
Mr. Lam (Note (iv))	<u>4,792</u>	<u>3,732</u>	<u>3,795</u>
	<u>10,977</u>	<u>3,732</u>	<u>3,797</u>
Maximum amount outstanding during the year/period:			
Ample Consultants & Contracting Company Limited (Note (i))	2	2	–
Ample Interiors Limited (Note (ii))	3	3	–
Ample Group Limited (Note (i))	6,177	6,239	–
Andiamo Lighting Company Limited (Note (ii))	3	3	–
Heavenly White Limited (Note (ii))	–	–	1
Summer Unicorn Limited (Note (iii))	–	–	1
Mr. Lam (Note (iv))	<u>8,851</u>	<u>5,195</u>	<u>3,795</u>
Amount due to a related party:			
Mr. Cheung (Note (iv))	<u>5,619</u>	<u>2,429</u>	<u>926</u>

The amounts due are non-trade nature, unsecured, interest-free and repayable on demand.

Notes:

- (i) Controlled by the Controlling Shareholders
- (ii) Controlled by Mr. Cheung, the Controlling Shareholder
- (iii) Controlled by Mr. Lam, the Controlling Shareholder
- (iv) Controlling Shareholder

19. HELD-FOR-TRADING INVESTMENTS

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Listed securities			
– Equity securities listed in Hong Kong	13	10	10

The fair values of the equity securities held for trading were determined based on the quoted market prices in an active market.

20. CASH AND CASH EQUIVALENTS

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Bank balances and cash presented in the combined statements of financial position	5,222	7,209	14,840
Less: bank overdrafts (<i>Note 22</i>)	–	(1,029)	(1,052)
Cash and cash equivalents presented in the combined statements of cash flows	5,222	6,180	13,788

Bank balances earn interests at floating rate based on daily bank deposit rates and are placed with creditworthy banks with no recent history of default.

21. TRADE AND OTHER PAYABLES

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Trade payables	6,603	5,304	11,612
Other payables and accruals	108	2,558	2,344
	6,711	7,862	13,956

The credit period on trade payables are generally 0 to 30 days.

The ageing analysis of trade payables, presented based on the invoice date, at the end of each of the Track Record Period, is as follows:

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
0 – 30 days	3,496	3,296	6,725
31 – 60 days	990	1,304	3,370
61 – 90 days	1,349	190	442
91 – 180 days	611	488	725
Over 180 days	157	26	350
	<u>6,603</u>	<u>5,304</u>	<u>11,612</u>

22. BORROWINGS

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Bank loans – secured	2,174	1,176	5,753
Bank overdrafts	–	1,029	1,052
	<u>2,174</u>	<u>2,205</u>	<u>6,805</u>
Carrying amounts repayable*:			
On demand or within one year	1,428	1,713	6,378
More than one year, but not exceeding two years	254	264	267
More than two years, but not exceeding five years	492	228	160
Amount shown under current liabilities	<u>2,174</u>	<u>2,205</u>	<u>6,805</u>

* The amounts due are presented based on scheduled repayment dates set out in the loan agreements.

Notes:

- (i) Included in the bank loans of approximately HK\$989,000, HK\$745,000 and HK\$683,000 as at 31 March 2015 and 2016 and 30 June 2016 respectively, contain a repayment on demand clause with variable interest rate and are included in current liabilities. The remaining bank borrowings are repayable within one year and bear variable interest rates.
- (ii) As at 31 March 2015 and 2016 and 30 June 2016, the bank loans bear interest at rates ranging from 4.0% to 4.5% per annum, 4.0% to 4.5% per annum, and 4.0% to 4.5% per annum respectively.
- (iii) As at 31 March 2015 and 2016 and 30 June 2016, the bank overdrafts bear interest at nil, 6.0% per annum and 4.25% per annum respectively.

- (iv) The banking facilities of the Company granted by certain banks were secured by the following:
- charges over life insurance policies of the Company as disclosed in Note 14;
 - guarantee issued by The Hong Kong Mortgage Corporation Limited, amounting to approximately HK\$8,000,000;
 - a personal guarantee and indemnity given by each of the Controlling Shareholders; and
 - all monies first legal charge and an assignment of insurance policy in respect of the property owned by the Controlling Shareholders.

23. OBLIGATIONS UNDER FINANCE LEASES

The Group leased its motor vehicle under finance leases. The original lease term is 5 years and the remaining lease term as at 31 March 2015 and 2016 and 30 June 2016 is 3.5 years, 2.5 years and 4.5 years respectively. Interest rate underlying all obligations under finance leases are fixed at the respective contract dates ranging from 2.0% to 2.25% per annum. No arrangements have been entered into for contingent rental payments.

At 31 March 2015 and 2016 and 30 June 2016, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Amounts payable under finance leases:						
Within one year	103	111	115	90	102	99
In the second to fifth years, inclusive	<u>265</u>	<u>154</u>	<u>381</u>	<u>251</u>	<u>149</u>	<u>358</u>
Total minimum finance lease payments	368	265	496	341	251	457
Less: future finance charges	<u>(27)</u>	<u>(14)</u>	<u>(39)</u>			
Present value of lease obligations	<u>341</u>	<u>251</u>	<u>457</u>			
Less: Amount due for settlement within 12 months shown under current liabilities				<u>(90)</u>	<u>(102)</u>	<u>(99)</u>
Amount due for settlement after 12 months				<u>251</u>	<u>149</u>	<u>358</u>

The Group's obligations under finance leases are secured by a personal guarantee provided by Mr. Cheung, the Controlling Shareholder. Obligations under finance leases are denominated in HK\$.

24. AMOUNT DUE TO AMPLE CONSTRUCTION

The amount due is non-trade nature, unsecured, interest-free and repayable on demand.

25. SHARE CAPITAL

For the purpose of the preparation of the combined statements of financial position, the balance of share capital:

- At 31 March 2015 represents the aggregate of the paid up share capital of Ample Construction and Ample Design held by the Controlling Shareholders, prior to the completion of Reorganisation; and
- At 31 March 2016 and 30 June 2016 represents the aggregate of the paid up share capital of the Company and Thrive Tide held by the Controlling Shareholders, prior to the completion of Reorganisation.

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 11 February 2016 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One share was allotted and issued fully-paid to the subscriber on 11 February 2016, and was subsequently transferred to Summer Unicorn Limited on the same date. On 11 February 2016, Heavenly White Limited subscribed for one fully-paid share, resulting in each of Summer Unicorn Limited and Heavenly White Limited holding one fully-paid share immediately after the above allotments and share transfer.

26. RESERVES**The Group***Special reserve*

Special reserve represents (i) the difference between the carrying amount of the non-controlling interests and the fair value of the consideration paid for the acquisition of additional 30% interest in Ample Design, and (ii) the sum of the share capital of Ample Construction and Ample Design which have been transferred to special reserve as part of the Reorganisation set out in Note 1.

The Company

	Accumulated losses HK\$'000
Balance at 11 February 2016 (date of incorporation)	–
Loss and total comprehensive expense for the period	<u>(4,531)</u>
Balance at 31 March 2016	(4,531)
Loss and total comprehensive expense for the period	<u>(346)</u>
Balance at 30 June 2016	<u><u>(4,877)</u></u>

27. RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,250 per month (increased to HK\$1,500 per month effective from 1 June 2014) or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect of the MPF Scheme is to make the specified contributions. The total expenses recognised in the combined statements of profit or loss and other comprehensive income amounted to approximately HK\$236,000, HK\$325,000, HK\$72,000 and HK\$81,000 for the years ended 31 March 2015 and 2016 and the three months ended 30 June 2015 and 2016 respectively and represent contributions paid or payable to the MPF Scheme by the Group in respect of the Track Record Period.

28. OPERATING LEASE COMMITMENTS

At the end of each of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office premises which fall due as follows:

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Within one year	425	–	479
In the second to fifth years inclusive	–	–	359
	<u>425</u>	<u>–</u>	<u>838</u>

Operating lease relates to office premises with lease term of two years and the rentals are fixed throughout the lease period.

29. SURETY BONDS AND CONTINGENT LIABILITIES

Certain customers of construction contracts undertaken by the Group require Ample Construction to issue guarantees for the performance of contract works in the form of surety bonds of approximately HK\$7,416,000, HK\$2,984,000 and HK\$1,149,000 as at 31 March 2015 and 2016 and 30 June 2016 respectively. Ample Construction, Ample Group Limited, a company wholly-owned by the Controlling Shareholders and/or the Controlling Shareholders, have unconditionally and irrevocably agreed to indemnify to the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contract.

As at 31 March 2015 and 2016 and 30 June 2016, the Group paid a cash collateral of approximately HK\$3,230,000, HK\$924,000 and HK\$374,000 respectively to the insurance companies for the issuance of surety bonds and are included in other receivables, prepayments and deposits (Note 16).

30. RELATED PARTY DISCLOSURES

(i) Outstanding balances with related parties

Details of outstanding balances with related parties are set out in Note 18.

(ii) Guarantees provided by related parties

The tenancy agreement of the Company was secured by a personal guarantee provided by Mr. Cheung, the Controlling Shareholder.

Except for the above, details of personal guarantees provided by the Controlling Shareholders in connection with the surety bonds, banking facilities and finance leases facilities granted to the Group at the end of each of the Track Record Period are set out in Note 29, Note 22 and Note 23 respectively.

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the Track Record Period was as follows:

	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2016 HK\$'000	Three months ended 30 June 2015 HK\$'000 (unaudited)	Three months ended 30 June 2016 HK\$'000
Short-term employee benefits	3,851	4,551	1,056	1,263
Post-employment benefits	<u>82</u>	<u>109</u>	<u>24</u>	<u>29</u>
	<u>3,933</u>	<u>4,660</u>	<u>1,080</u>	<u>1,292</u>

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings and obligations under finance leases, net of bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company reviews the capital structure on a regular basis by considering the cost of capital and the risks associated with the capital. In view of this, the Group manages its overall capital structure through the payment of dividends and the issue of new shares.

The net debt to equity ratio at the end of each of the Track Record Period is as follows:

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
Debts (<i>Note (i)</i>)	2,515	2,456	7,262
Less: Bank balances and cash (<i>Note (ii)</i>)	<u>(5,222)</u>	<u>(7,209)</u>	<u>(14,840)</u>
Net debt	<u>(2,707)</u>	<u>(4,753)</u>	<u>(7,578)</u>
Equity (<i>Note (iii)</i>)	<u>13,658</u>	<u>23,484</u>	<u>27,869</u>
Net debt-to-equity ratio	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes:

- (i) Debts represent borrowings and obligations under finance leases as detailed in Notes 22 and 23 respectively.
- (ii) Bank balances and cash as detailed in Note 20.
- (iii) Equity includes all capital and reserves attributable to owners of the Company.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
The Group			
Financial assets			
Loans and receivables (including bank balances and cash)	35,109	48,943	60,027
Financial assets at fair value through profit or loss	114	10	10
	<u>35,223</u>	<u>48,953</u>	<u>60,037</u>
Financial liabilities			
Financial liabilities at amortised cost	14,845	12,747	22,144
Financial liabilities at fair value through profit or loss	–	951	584
	<u>14,845</u>	<u>13,698</u>	<u>22,728</u>
		As at 31 March 2016 HK\$'000	As at 30 June 2016 HK\$'000
The Company			
Financial liabilities			
Financial liabilities at amortised cost		4,531	4,877

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits and prepayments for life insurance policies, derivative financial instruments, trade and other receivables, amounts due from related parties, held-for-trading investments, bank balances and cash, trade and other payables, amount due to a related party, borrowings and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk*(i) Foreign currency risk management*

During the Track Record Period, the majority of the Group's transactions and balances as at and for the Track Record Period were denominated in Hong Kong dollars. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In virtue of the exposure on foreign currency risk being minimal, the respective quantitative disclosures have not been prepared.

(ii) Interest rate risk management

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing financial assets and financial liabilities. Interest-bearing financial assets and financial liabilities are mainly deposits and certain borrowings with banks respectively. Deposits and borrowings with banks carrying interest at variable rate expose the Group to cash flow interest rate risk.

The Group's deposits for life insurance policies are based on fixed interest rates. The directors of the Company consider the fixed interest deposits for life insurance policies are not subject to significant fair value interest rate risk.

As the Group has no significant variable-rate interest-bearing financial assets and financial liabilities, except for short-term bank deposits and bank borrowings, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing financial assets and financial liabilities resulted from the changes in interest rates because the interest rates of bank deposits and bank borrowings are relatively low and not expected to change significantly.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

In virtue of the exposure on interest rate risk being minimal, the respective quantitative disclosures have not been prepared.

(iii) Price risk

The Group is exposed to equity price risk mainly through its investments in listed equity securities. The management manages this exposure by closely monitoring the price movements and the changes in market conditions that may affect the value of these investments. The Group currently does not have a policy on hedges of equity price risk. However, the management monitors equity price exposure and will consider hedging significant equity price exposure should the need arise.

In virtue of the exposure on equity price risk being minimal, the respective quantitative disclosures have not been prepared.

Credit risk management

At the end of each of the Track Record Period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, the management of the Group monitored on an ongoing basis and follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management consider that the Group's credit risk is significantly reduced.

The Group's credit risk exposure is spread over a number of customers, accordingly, the Group has no significant concentration of credit risk on a single customer in this respect.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

At 31 March 2015 and 2016 and 30 June 2016, the Group has available unutilised bank overdrafts, business card, and short-term and medium-term loan facilities with an aggregated amount of approximately HK\$14,725,000, HK\$12,140,000 and HK\$7,478,000 respectively.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause give the bank the unconditional right to call in the loan at any time. Therefore, for the purpose of the below maturity profile, the amounts are classified as "On demand".

	Weighted average effective interest rate	On demand or within one year HK\$'000	Over one year HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
The Group					
Non-derivative financial liabilities					
As at 31 March 2015					
Trade and other payables	–	6,711	–	6,711	6,711
Amount due to a related party	–	5,619	–	5,619	5,619
Borrowings	4.3%	2,254	–	2,254	2,174
Obligations under finance leases	5.4%	103	265	368	341
		<u>14,687</u>	<u>265</u>	<u>14,952</u>	<u>14,845</u>
As at 31 March 2016					
Trade and other payables	–	7,862	–	7,862	7,862
Amount due to a related party	–	2,429	–	2,429	2,429
Borrowings	4.1%	2,249	–	2,249	2,205
Obligations under finance leases	5.4%	111	154	265	251
		<u>12,651</u>	<u>154</u>	<u>12,805</u>	<u>12,747</u>

	Weighted average effective interest rate	On demand or within one year <i>HK\$'000</i>	Over one year <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Total carrying amount <i>HK\$'000</i>
As at 30 June 2016					
Trade and other payables	–	13,956	–	13,956	13,956
Amount due to a related party	–	926	–	926	926
Borrowings	4.1%	6,842	–	6,842	6,805
Obligations under finance leases	4.8%	115	381	496	457
		<u>21,839</u>	<u>381</u>	<u>22,220</u>	<u>22,144</u>
The Company					
Non-derivative financial liabilities					
As at 31 March 2016					
Other payables	–	419	–	419	419
Amount due to Ample Construction	–	4,112	–	4,112	4,112
		<u>4,531</u>	<u>–</u>	<u>4,531</u>	<u>4,531</u>
As at 30 June 2016					
Amount due to Ample Construction	–	4,877	–	4,877	4,877

(c) Fair value measurements of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the quoted market bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 March 2015 and 2016 and 30 June 2016.

	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 March 2015				
Financial assets				
Derivative financial instruments – foreign currency forward contracts	–	101	–	101
Financial assets held for trading – listed equity securities	<u>13</u>	<u>–</u>	<u>–</u>	<u>13</u>
	<u>13</u>	<u>101</u>	<u>–</u>	<u>114</u>
As at 31 March 2016				
Financial assets				
Financial assets held for trading – listed equity securities	<u>10</u>	<u>–</u>	<u>–</u>	<u>10</u>
Financial liabilities				
Derivative financial instruments – foreign currency forward contracts	<u>–</u>	<u>951</u>	<u>–</u>	<u>951</u>
As at 30 June 2016				
Financial assets				
Financial assets held for trading – listed equity securities	<u>10</u>	<u>–</u>	<u>–</u>	<u>10</u>
Financial liabilities				
Derivative financial instruments – foreign currency forward contracts	<u>–</u>	<u>584</u>	<u>–</u>	<u>584</u>

There were no investments classified under Level 3 and there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the Track Record Period.

B. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Track Record Period. Under the arrangements presently in force, the aggregate remuneration of the Company's directors for the year ending 31 March 2017 is expected to be approximately HK\$2,091,000.

C. SUBSEQUENT EVENTS

The following significant events took place subsequent to 30 June 2016:

- (i) The Reorganisation as set out in Note 1 of Section A was completed on 20 December 2016.
- (ii) The Company adopted a share option scheme on 23 December 2016, a summary of the terms and conditions of which are set out in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to the Prospectus.
- (iii) On 23 December 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional 962,000,000 shares of HK\$0.01 each.
- (iv) In December 2016, an interim dividend of approximately HK\$18,000,000 was appropriated to the then shareholders of the Company.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2016.

Yours faithfully,

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Chan Ching Pang
Practising Certificate Number: P05746
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report on the financial information of our Group for the Track Record Period prepared by HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets prepared in accordance with Rule 7.31 of the GEM Listing Rules are set out below to illustrate the effect of the Placing on the combined net tangible assets of our Group attributable to owners of our Company as of 30 June 2016 as if the Placing had taken place on that date.

The unaudited pro forma adjusted combined net tangible assets have been prepared for illustrative purposes only and, because of their hypothetical nature, they may not give a true picture of the combined net tangible assets of our Group had the Placing been completed as of 30 June 2016 or of any future dates. The unaudited pro forma adjusted combined net tangible assets are prepared based on the audited combined net tangible assets of our Group attributable to owners of the Company as of 30 June 2016 as set out in the Accountants' Report of our Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of our Group attributable to owners of our Company as at 30 June 2016 HK\$'000 (Note 1)	Add: Estimated net proceeds from the Placing HK\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets HK\$'000	Unaudited pro forma adjusted combined net tangible assets per Share HK\$ (Note 3)
Based on the Placing Price of HK\$0.20 per Share	27,869	41,419	69,288	0.06
Based on the Placing Price of HK\$0.30 per Share	27,869	68,297	96,166	0.09

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. The audited combined net tangible assets of our Group attributable to owners of our Company as at 30 June 2016 are based on audited combined net assets of our Group attributable to owners of our Company as at 30 June 2016 of approximately HK\$27,869,000 as shown in the financial information section of the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Placing are based on the lowest and highest Placing Price of HK\$0.20 and HK\$0.30 per Share respectively, after deduction of relevant estimated underwriting fees and other related fees and expenses to be borne by our Group (excluding listing expenses of approximately HK\$4,858,000 which have been accounted for prior to 30 June 2016).

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates given to our Directors to allot and issue or repurchase Shares referred to in the paragraph headed "General mandate to issue shares" in this prospectus or the paragraph headed "Repurchase mandate" in the section headed "Share Capital" in this prospectus.

3. The unaudited pro forma adjusted combined net tangible assets per Share is determined after the adjustments as described in Notes 1 and 2 above and on the basis that 1,120,000,000 Shares in issue immediately following the completion of the Placing and the Capitalisation Issue. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Share referred to in the paragraph headed "General mandate to issue shares" or the paragraph headed "Repurchase mandate" in the section headed "Share Capital" in this prospectus.
4. The unaudited pro forma financial information presented above does not take account of any trading results or other transactions subsequent to the date of the financial statements included in the unaudited pro forma financial information (i.e. 30 June 2016). In particular, in December 2016, an interim dividend of HK\$18,000,000 was declared to the then shareholders of the Company. The unaudited pro forma adjusted combined net tangible assets had not taken into account of the above transaction. Had the effect of the interim dividend of HK\$18,000,000 appropriated in December 2016 been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.05 and HK\$0.07, assuming the Placing Price of HK\$0.20 and HK\$0.30 per Share, respectively on the basis that 1,120,000,000 Shares were in issue and that the interim dividend appropriated in December 2016, the Placing and the Capitalisation Issue had been completed on 30 June 2016.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus.



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of LKS Holding Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of LKS Holding Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group as at 30 June 2016, and related notes (the "Unaudited Pro Forma Financial Information") as set out in Section A of Appendix II to the prospectus issued by the Company dated 30 December 2016 (the "Prospectus"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed placing of the shares of the Company (the "Placing") on the Group's financial position as at 30 June 2016 as if the Placing had taken place at 30 June 2016. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the two years ended 31 March 2016 and the three months ended 30 June 2016, on which an accountants' report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline ("AG") 7, "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*", issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Chan Ching Pang

Practising Certificate Number: P05746

Hong Kong, 30 December 2016

**APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 February 2016 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and its Amended and Restated Articles of Association ("**Articles**").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 23 December 2016. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly

authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless

the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors*(i) Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF OUR
COMPANY AND CAYMAN ISLANDS COMPANY LAW**

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on

terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue

debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above.

Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary

relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

APPENDIX III **SUMMARY OF THE CONSTITUTION OF OUR**
COMPANY AND CAYMAN ISLANDS COMPANY LAW

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 8 March 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 11 February 2016. Our Company has established a principal place of business in Hong Kong at Unit 1310, Eastern Harbour Centre, No. 28 Hoi Chak Street, Quarry Bay, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 11 March 2016. CFN Lawyers in association with Broad & Bright has been appointed as the authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, our Company is subject to the relevant laws of the Cayman Islands and its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation, our Company has an authorised share capital of HK\$380,000 divided in to 38,000,000 shares of HK\$0.01 each. One Share was allotted and issued fully-paid to the initial subscriber on 11 February 2016, and was subsequently transferred to Summer Unicorn on the same date. On 11 February 2016, Heavenly White subscribed for one fully-paid Share, resulting in each of Summer Unicorn and Heavenly White holding one fully-paid Share immediately after the above allotments and share transfer.
- (b) Pursuant to the Reorganisation and as consideration for the acquisition by our Company of the entire issued share capital of Thrive Tide from Heavenly White and Summer Unicorn, on 20 December 2016, 9,999 and 9,999 Shares, all credited as fully paid, were allotted and issued to Heavenly White and Summer Unicorn, respectively.
- (c) On 23 December 2016, the existing Shareholders resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 Shares, each ranking pari passu with the Shares then in issue in all respects.
- (d) Immediately following completion of the Capitalisation Issue and the Placing, and taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, 1,120,000,000 Shares will be issued fully paid or credited as fully paid, 880,000,000 Shares will remain unissued.
- (e) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “Written resolution of the existing Shareholders passed on 23 December 2016” in this appendix and pursuant to the Share Option Scheme, our

Company does not have any present intention to issue any of the authorised by unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares which would effectively alter the control of our Company will be made.

- (f) Save as disclosed in the section headed “Share Capital” in this prospectus and in this paragraph headed “Changes in share capital of our Company”, there has been no alteration in our Company’s share capital since its incorporation.

3. Written resolutions of the existing Shareholders passed on 23 December 2016

On 23 December 2016, resolutions in writing were passed by the existing Shareholders pursuant to which, among other things:

- (a) our Company approved and adopted the Memorandum;
- (b) our Company conditionally approved and adopted the Articles;
- (c) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$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, ranking pari passu with the existing Shares in all respects;
- (d) conditional on the Listing Division granting listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of the options granted under the Share Option Scheme) and on the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of Underwriting Agreement or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
 - (i) the Placing was approved and our Directors were authorised to allot and issue the Placing Shares pursuant to the Placing to rank pari passu with the then existing Shares in all respects;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “D. Share Option Scheme” below in this appendix, were approved and adopted and our Directors were authorised, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;
 - (iii) conditional further on the share premium account of our Company being credited as a result of the Placing, our Directors were authorised to capitalise an amount of HK\$8,399,800 standing to the credit of the share premium

account of our Company and to appropriate such amount as to capital to pay up in full at par 839,980,000 Shares for allotment and issue to the persons whose names appear on the register of members of our Company at the close of business on 23 December 2016 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company, each ranking identical in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions and the Capitalisation Issue was approved;

- (e) a general unconditional mandate was given to our Directors to exercise all power of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Memorandum and the Articles or pursuant to a specific authority granted by the Shareholders in general meeting or pursuant to the Placing, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements and options which might require the exercise of such power, with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Placing but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting; and
- (f) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Placing but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme (the “**Repurchase Mandate**”), and the Repurchase Mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;

- (ii) the expiration of the period within the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting; and
- (g) the Repurchase Mandate mentioned in sub-paragraph (f) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted and agreed to be allotted by our Directors pursuant to the Repurchase Mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the Repurchase Mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Placing but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

4. Corporate Reorganisation

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. Please refer to the section headed “History, Development and Reorganisation – Reorganisation” in this prospectus for further details.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountants’ Report, a text of which is included in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Development and Reorganisation” in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of the Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) *Shareholders' approval*

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the Shareholders on 23 December 2016, the Repurchase Mandate was granted to our Directors authorising them to exercise all powers of our Company to repurchase on GEM, or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Placing but excluding any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

(ii) *Source of funds*

Any repurchase by our Company must be funded out of funds legally available for the purchase in accordance with the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Any repurchase by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on GEM from a “connected person” (as defined in the GEM Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of our subsidiaries or an associate of any of them and a connected person shall not knowingly sell Shares to our Company on GEM.

(b) Exercise of the Repurchase Mandate

On the basis of 1,120,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Placing, our Directors would be authorised under the Repurchase Mandate to repurchase up to 112,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangement at the time, lead to an enhancement of our Company’s net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Funding of repurchases

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors or to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the GEM Listing Rules) of any Director, has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable law and regulations from time to time in force in the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a result of a repurchase of Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No connected person (as defined in the GEM Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:



- (a) an agreement for the sale and purchase dated 29 March 2016 entered into between Mr. Cheung Ka Yan, Mr. Lam Shui Wah, Ample Group Limited, each as a vendor, and Thrive Tide Limited, as the purchaser, in relation to the sale and purchase of 1,000,000 issued shares in the share capital in Ample Construction Company Limited, in consideration of which Thrive Tide Limited allotted and issued 50 and 50 shares to Heavenly White Limited and Summer Unicorn Limited, respectively;
- (b) an agreement for the sale and purchase dated 29 March 2016 entered into between Mr. Cheung Ka Yan, Mr. Lam Shui Wah, Mr. Lau Chin Ki, each as a vendor, and Thrive Tide Limited, as the purchaser, in relation to the sale and purchase of 10,000 issued shares in the share capital in Ample Design Company Limited at a total consideration of HK\$15;
- (c) a share swap deed dated 20 December 2016 entered into between Heavenly White Limited, Summer Unicorn Limited, LKS Holding Group Limited, Mr. Lam Shui Wah, Mr. Cheung Ka Yan and Thrive Tide Limited in relation to the transfer of the entire issued share capital in Thrive Tide Limited;

- (d) the Deed of Indemnity dated 23 December 2016 given by Mr. Lam Shui Wah, Summer Unicorn Limited, Mr. Cheung Ka Yan and Heavenly White Limited in favour of LKS Holding Group Limited (for itself and on behalf of its subsidiaries) containing indemnities referred to in the paragraph headed “Tax and other indemnities” in this appendix;
- (e) the Deed of Non-competition dated 23 December 2016 given by Mr. Lam Shui Wah, Summer Unicorn Limited, Mr. Cheung Ka Yan and Heavenly White Limited in favour of LKS Holding Group Limited (for itself and on behalf of its subsidiaries), details of which are set out in the section headed “Relationship with Controlling Shareholders – Non-competition undertakings” in this prospectus; and
- (f) the Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group is the registered owner of the following trademarks in Hong Kong:

Trademark	Registered owner	Class	Trademark number	Date of registration
	Ample Design	37, 42	302732085	10 September 2013
	Ample Construction	37	303658924	14 January 2016

(b) Domain names

As at the Latest Practicable Date, our Group is the registered owner of the following domain names, which we believe are material to the business of our Group:

Registered owner	Domain Name	Date of registration	Date of expiry
Ample Construction	ampleconstruction.com.hk	18 May 2015	18 May 2017
Ample Design	amplehk.com	12 November 2004	12 November 2017

**C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS,
DIRECTORS AND EXPERTS**

1. Disclosure of interests

(a) Interests of Directors and chief executive in shares, underlying shares and debentures of our Company and its associated corporations

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Placing, but taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the interests and short positions of our Directors or chief executive of our Company in the shares, underlying shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the GEM, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, will be as follows:

(i) Long position in the Shares

Name	Capacity/Nature of interest	Number of underlying Shares <i>(Note 1)</i>	Percentage of shareholding
Mr. Lam <i>(Note 2)</i>	Interest in a controlled corporation	420,000,000	37.5%
Ms. Wong <i>(Note 3)</i>	Interest of spouse	420,000,000	37.5%

(b) Interests of substantial and other Shareholders in the Shares and underlying Shares

So far as is known to our Directors and taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Capitalisation Issue and the Placing, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature of interest	Number of underlying Shares <i>(Note 1)</i>	Percentage of shareholding
Summer Unicorn	Beneficial owner	420,000,000	37.5%
Heavenly White	Beneficial owner	420,000,000	37.5%
Mr. Cheung <i>(Note 4)</i>	Interest in a controlled corporation	420,000,000	37.5%
Ms. Ngai Suet Ling <i>(Note 5)</i>	Interest of spouse	420,000,000	37.5%

Notes:

1. All interests stated are long positions.
2. Mr. Lam beneficially owns the entire issued share capital of Summer Unicorn. Therefore, Mr. Lam is deemed, or taken to be, interested in all the Shares held by Summer Unicorn for the purpose of the SFO. Mr. Lam is the sole director of Summer Unicorn.
3. Ms. Wong is the spouse of Mr. Cheung. Therefore, Ms. Wong is deemed, or taken to be interested in all the Shares in which Mr. Cheung is interested for the purpose of the SFO.
4. Mr. Cheung beneficially owns the entire issued share capital of Heavenly White. Therefore, Mr. Cheung is deemed, or taken to be, interested in all the Shares held by Heavenly White for the purpose of the SFO. Mr. Cheung is the sole director of Heavenly White.
5. Ms. Ngai Suet Ling is the spouse of Mr. Lam. Therefore, Ms. Ngai Suet Ling is deemed, or taken to be interested in all the Shares in which Mr. Lam is interested for the purpose of the SFO.

2. Particulars of service contracts

None of our Directors has entered into any service agreement with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

- (a) The aggregate remuneration paid by our Group to our Directors in respect of the two years ended 31 March 2015 and 2016 and the three months ended 30 June 2016 were approximately HK\$1,312,000, HK\$1,784,000 and HK\$444,000 respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 March 2017 will be approximately HK\$2,091,000.
- (c) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

HK\$

Executive Directors

Ms. Wong Wan Sze	HK\$800,000
Mr. Lam Shui Wah	HK\$1,440,000

Independent non-executive Directors

Mr. Wu Wai Ki	HK\$150,000
Ms. Tsang Ngo Yin	HK\$150,000
Mr. Ng Man Wai	HK\$150,000

4. Agency fees or commissions received

Save as disclosed in the section headed “Underwriting – Underwriting arrangements and expenses – Commission and expenses” in this prospectus, none of our Directors or the experts named in the paragraph headed “E. Other information – 7. Qualifications of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related party transactions

Details of the related party transactions are set out in Note 30 to the financial information in the Accountants' Report in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) taking no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandates as referred to in the paragraph headed "A. Further information about our Company" in this appendix, and taking no account of Shares which may be taken up under the Placing, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Capitalisation Issue and the Placing, have an interest or short position in the Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;
- (b) none of our Directors or chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the GEM;
- (c) none of our Directors or the experts named in the paragraph headed "E. Other information – 7. Qualifications of experts" in this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the experts named in the paragraph headed "E. Other information – 7. Qualifications of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

- (e) none of our Directors or the experts named in the paragraph headed “E. Other information – 7. Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers, five largest subcontractors or the five largest suppliers of our Group;
- (g) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 23 December 2016. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

(a) Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	23 December 2016, the date on which the Share Option Scheme is conditionally adopted by the Shareholders by way of written resolutions
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“Group”	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the Business Day immediately preceding the tenth anniversary thereof

(b) Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of the Shareholders passed on 23 December 2016:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of our Group and to promote the success of the business of our Group.

(ii) Who may join and basis of eligibility

Our Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by our Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(iii) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(iv) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.

(v) Maximum number of Shares

- (aa) Subject to sub-paragraph (bb) and (cc) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 112,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 112,000,000 Shares from time to time) to the participants under the Share Option Scheme.
- (bb) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (cc) Our Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the GEM Listing Rules.

- (dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(vi) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his associates abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of our Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) Grant of options to certain connected persons

- (aa) Any grant of an option to a Director, chief executive or Substantial Shareholder (or any of their respective associates) must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (bb) Where any grant of options to a substantial shareholder of our Company or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all

information as required under the GEM Listing Rules in this regard. All connected persons of our Company shall abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in terms of an option granted to a substantial shareholder of our Company or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in aforesaid manner.

(viii) Restrictions on the times of grant of options

- (aa) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
- (i) the date of our Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly under the GEM Listing Rules, or other interim period (whether or not required under the GEM Listing Rules).
- (bb) Further to the restrictions in paragraph (aa) above, no option may be granted to a Director on any day on which financial results of our Company are published and:
- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (ii) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of results.

(ix) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as our Board may determine which shall not exceed ten years from the date of grant subject to the provisions or early termination thereof.

(x) Performance targets

Save as determined by our Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(xi) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xii) Rights are personal to grantee

An option shall not be transferrable or assignable and shall be personal to the grantee of the option.

(xiii) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of 3 years prior to the death, in the case of the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiv) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by our Board) on any other ground which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the

grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(xv) Rights on cessation of employment of other reasons

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of 3 months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xvi) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to our Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(xvii) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and, or any persons controlled by the offeror and, or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xviii) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily winding-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than 2 Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Share in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xix) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (the “**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapsed and determined. Our Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respect be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such

compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of its officers.

(xx) Lapse of options

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above;
- (bb) the date on which our Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);
- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xiv), (xv), (xvii), (xviii) or (xix) above;
- (dd) subject to paragraph (xviii) above, the date of commencement of the winding-up of our Company;
- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (gg) subject to the compromise or arrangement as referred to in paragraph (xix) become effective, the date on which such compromise or arrangement becomes effective.

(xxi) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as our Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(xxii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(xxiii) Alteration to the Share Option Scheme

- (aa) The Share Option Scheme may be altered in any respect by resolution of our Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (bb) Any amendment to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of our Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(xxiv) Termination of the Share Option Scheme

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance in provisions of the Share Option Scheme.

(xxv) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on the Listing Department of the Stock Exchange granting the listing of, and permission to deal in the Shares may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(c) Present status of the Share Option Scheme

Application has been made to the Listing Division for granting the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders (collectively, the “**Indemnifiers**”) have, under a deed of indemnity referred to in the paragraph headed “B. Further information about the business of our Group – 1. Summary of material contracts” in this appendix, given joint and several indemnities to our Company for itself and as trustee for its subsidiaries in connection with, among other things, (a) any taxation falling on any member of our Group (i) in respect of or by reference to any income, profits or gains earned, accrued or received or deemed or alleged to have been earned, accrued or received on or before the date on which the Placing becomes unconditional; or (ii) in respect of or by reference to any transaction, act, omission or event entered into or occurring or deemed to enter into or occur on or before the date on which the Placing becomes unconditional; and (b) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which the Placing becomes unconditional, including those paid by our Group out of the provision made for the First Litigation and Second Litigation set out in the section headed “Business – Litigation and potential claims” in this prospectus. The Indemnifiers will, however, not be liable under the deed of indemnity to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such liability in the audited combined accounts of our Company for the Track Record Period; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Placing becomes unconditional; or
- (c) the taxation liability arises in the ordinary course of business of any members of our Group after 30 June 2016 up to and including the date on which the Placing becomes unconditional.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands and BVI is likely to fall on our Group and the estate duty under the laws of Hong Kong has been abolished.

2. Litigation

Our Directors confirm that as at the Latest Practicable Date, save as otherwise disclosed in the section headed “Business – Litigation and potential claims” in this prospectus, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened by or against any member of our Group.

3. Sponsor’s fee

The Sponsor has made an application on behalf of our Company to the Listing Department for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

The Sponsor’s fee in relation to the Listing is HK\$4 million.

4. Independence of the Sponsor

The Sponsor has confirmed to the Stock Exchange that it satisfies the independent test as stipulated under Rule 6A.07 of the GEM Listing Rules.

5. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$39,156 and are payable by our Company.

6. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

7. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Frontpage Capital Limited	A corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Appleby	Legal adviser to our Company as to Cayman Islands law

Euromonitor International Limited	Market research consultant
Antonio & Clayton CPA Limited	Internal control consultant
Shu Jin Law Firm	Legal adviser to our Company as to PRC law
MdME	Legal adviser to our Company as to Macau law
Mr. Yuen Siu Kei	Barrister-at-law in Hong Kong

8. Consents of experts

Each of the above-named experts has given and has not withdrawn its written consents to the issue of this prospectus, with the inclusion of its letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or reference to its name included herein in the form and context in which they respectively appear.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfer and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

11. No material adverse change

Our Directors confirm that save as disclosed in the section headed "Financial Information – Material adverse change" in this prospectus, there had been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 30 June 2016 (being the date to which the latest audited financial statements of our Group were made up) and up to the Latest Practicable Date.

12. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Placing accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

13. Miscellaneous

(a) Save as disclosed in this prospectus:

(i) Within the two years immediately preceding the date of this prospectus:

(aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed or intended to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

(cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any Shares or shares of any of our subsidiaries;

(dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and

(ee) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option.

(ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in 24 months immediately preceding the date of this prospectus;

- (iii) none of the parties named in the paragraph headed “E. Other information – 7. Qualifications of experts” in this appendix:
 - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; or
 - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares.
- (iv) our Company and its subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
- (v) our Directors have been advised that, under Cayman Islands laws, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by our Company in conjunction with the English name does not contravene Cayman Islands laws;
- (vi) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (vii) there is no arrangement under which future dividends are waived or agreed to be waived;
- (viii) as at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong.
- (ix) our Group has no outstanding convertible debt securities; and
- (x) the English text of this prospectus shall prevail over the Chinese text.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of written consent referred in the section headed “Statutory and General Information – Consents of experts” in Appendix IV to this prospectus, copies of the material contracts referred to in the section headed “Statutory and General Information – Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of **CFN Lawyers in association with Broad & Bright** of Room 4124, 41/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the accountants’ report prepared by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group prepared by HLB Hodgson Impey Cheng Limited, the text of which is set out in Appendix II to this prospectus;
- (d) the audited combined financial statements of the companies comprising our Group for the two financial years ended 31 March 2016 and the three months ended 30 June 2016 (or for the period since their respective dates of incorporation where there is a shorter period);
- (e) the material contracts referred to in the paragraph section “Statutory and General Information – Summary of material contracts” in Appendix IV to this prospectus;
- (f) the service agreements with each of our Directors referred to in the section headed “Statutory and General Information – Remuneration of Directors” in Appendix IV to this prospectus;
- (g) the rules of the Share Option Scheme referred to in the section headed “Statutory and General Information – Share Option Scheme” in Appendix IV to this prospectus;
- (h) the written consents referred to in the section headed “Statutory and General Information – Consents of experts” in Appendix IV to this prospectus;
- (i) the Companies Law; and
- (j) the letter prepared by Appleby summarising certain aspects of the Companies Law referred to in Appendix III to this prospectus;

- (k) the legal opinion issued by Mr. Yuen Siu Kei, a barrister-at-law in Hong Kong advising on certain aspects of a litigation matter referred to in the section headed “Business – Litigation and potential claims” in this prospectus;
- (l) the legal opinion issued by MdME, our legal adviser as to Macau law, in respect to the compliance of applicable laws and regulations in relation to business operations of Ample Disegno in Macau;
- (m) the legal opinion issued by Shu Jin Law Firm, our legal adviser as to the PRC law, in respect to the compliance of applicable laws and regulation in relation to business operations of Chengdu Yingxin in the PRC; and
- (n) the market research report issued by Euromonitor International Limited.