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GAIN PLUS HOLDINGS LIMITED

德益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8522)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high 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.

This announcement, for which the directors (the “Directors”) of Gain Plus Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement is prepared in English language and translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

HIGHLIGHTS

For the three months ended 30 June 2018 (the “Period”):

- Revenue of the Group was approximately HK\$109.1 million, increased approximately 59.1% as compared to the corresponding period in 2017.
- Profit attributable to owners of the Company was approximately HK\$4.5 million (2017: approximately HK\$607,000).
- The Directors did not recommend the payment of dividend for the Period.

RESULTS

The board of Directors (the “Board”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the Period, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2018

		Three months ended 30 June	
	Notes	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	3	109,141	68,604
Cost of services		<u>(100,721)</u>	<u>(63,332)</u>
Gross profit		8,420	5,272
Other income and gains		45	22
Administrative expenses		(3,067)	(1,996)
Listing expenses		—	(2,131)
Finance costs		<u>(18)</u>	<u>(34)</u>
Profit before taxation		5,380	1,133
Income tax expense	4	<u>(897)</u>	<u>(526)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>4,483</u>	<u>607</u>
Basic earnings per share	5	<u>HK1.2 cent</u>	<u>HK0.2 cent</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2018

	<u>Reserves</u>					Total <i>HK\$'000</i>
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	
At 1 April 2018 (Audited)	3,720	132,532	(48,883)	(3,337)	39,193	123,225
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,483</u>	<u>4,483</u>
At 30 June 2018 (Unaudited)	<u>3,720</u>	<u>132,532</u>	<u>(48,883)</u>	<u>(3,337)</u>	<u>43,676</u>	<u>127,708</u>
At 1 April 2017 (Audited)	10	—	—	(3,337)	47,934	44,607
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>607</u>	<u>607</u>
At 30 June 2017 (Unaudited)	<u>10</u>	<u>—</u>	<u>—</u>	<u>(3,337)</u>	<u>48,541</u>	<u>45,214</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 4 July 2017 and its shares have been listed on GEM of the Stock Exchange with effect from 13 February 2018. The address of the Company's registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business is Unit 1323A, Level 13, Landmark North, 39 Lung Sum Avenue, Sheung Shui, the New Territories, Hong Kong.

The Company is an investment holding company. The principal activities of the Group is provision of building construction services and repair, maintenance, addition and alteration services ("RMAA Services").

The condensed consolidated financial information has not been audited by the auditor of the Company.

The unaudited condensed consolidated financial information of the Group is presented in Hong Kong dollars ("HK\$"), which is also the same as the functional currency of the Group.

Pursuant to the reorganisation of the Group (the "Reorganisation") in connection with the listing of the shares of the Company on GEM of the Stock Exchange (the "Listing"), the Company became the holding company of the companies comprising the Group on 23 January 2018. Details of the Reorganisation are set out under the section headed "History, Corporate Structure and Reorganisation" in the prospectus of the Company dated 30 January 2018 (the "Prospectus").

2. GROUP REORGANISATION AND BASIS OF PREPARATION

The unaudited condensed consolidated financial information of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), the applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

The accounting policies applied in the preparation of the unaudited condensed consolidated financial information are consistent with those adopted in the Group's annual financial statements for the year ended 31 March 2018. The application of the new and revised HKFRSs issued by the HKICPA in the current period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial information but the application may have impact on the disclosures in the consolidated financial statements for the year ending 31 March 2019.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

3. REVENUE

Revenue represents the net amounts received and receivable for provision of building construction services and RMAA Services rendered by the Group to customers.

An analysis of the Group's revenue is as follows:

	Three months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Contract revenue from provision of RMAA Services	94,363	54,753
Contract revenue from provision of building construction services	<u>14,778</u>	<u>13,851</u>
Total	<u><u>109,141</u></u>	<u><u>68,604</u></u>

4. INCOME TAX EXPENSE

	Three months ended	
	30 June	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current Tax		
Hong Kong Profits Tax	834	460
Deferred Tax	<u>63</u>	<u>66</u>
	<u><u>897</u></u>	<u><u>526</u></u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the Period (2017: 16.5%).

5. EARNINGS PER SHARE

	Three months ended	
	30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Earnings for the purpose of calculating basic earnings per share (HK\$'000)	4,483	607
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	372,000,000	279,000,000
Basic earnings per share	<u>HK1.2 cent</u>	<u>HK0.2 cent</u>

For the three months ended 30 June 2017, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined in the assumption that the capitalisation issue has been effective since 1 April 2017.

No diluted earnings per share is presented as there was no potential ordinary shares in issue during both periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Our Group is an established construction contractor in Hong Kong founded in 2004, principally engaged in subcontracting works providing RMAA Services and building construction services. Our RMAA Services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and civil works for new buildings such as lift tower, soccer field and walkways.

Looking forward, the Directors consider that the future opportunities and challenges which the Group face will be affected by the availability of construction projects from the public and private sectors in Hong Kong.

With the Group's reputation in the Hong Kong construction industry, long-term relationship with certain major customers, suppliers and subcontractors, and the experienced and professional management team, the Directors consider that the Group is well-positioned to compete against its competitors under future challenges that are commonly faced by all competitors. The Group will continue to strengthen the market position in the industry and expand the market share and further strengthen our manpower by utilising the net proceeds from the Listing.

Financial Review

Revenue

Our revenue increased from approximately HK\$68.6 million for the three months ended 30 June 2017 to approximately HK\$109.1 million for the Period. The increase was mainly attributable to the increase in revenue derived from RMAA Services due to increase in value of work certified of projects namely RMAA Services of all aided schools at the New Territories east of Hong Kong and maintenance and repair work for Hong Kong government properties at the New Territories east and outlying islands of Hong Kong. Our revenue rendered from building construction services increased from approximately HK\$13.9 million for the three months ended 30 June 2017 to approximately HK\$14.8 million for the Period.

Cost of Services

Our cost of services increased from approximately HK\$63.3 million for the three months ended 30 June 2017 to approximately HK\$100.7 million for the Period, which is in line with the increase in revenue for the three months ended 30 June 2017 as compared to that for the Period.

Gross Profit

Our gross profit increased from approximately HK\$5.3 million for the three months ended 30 June 2017 to approximately HK\$8.4 million for the Period. Our gross profit margin was approximately 7.7% for both the three months ended 30 June 2017 and the Period.

Other Income and gains

Our other income increased from approximately HK\$22,000 for the three months ended 30 June 2017 to approximately HK\$45,000 for the Period. The increase was mainly attributable to the increase in handling income.

Administrative Expenses

Our Group's administrative expenses increased from approximately HK\$2.0 million for the three months ended 30 June 2017 to approximately HK\$3.1 million for the Period. The increase was mainly attributable to the increase in staff costs including directors' remuneration.

Finance Costs

Our Group's finance costs decreased by approximately HK\$16,000 for the Period, which was mainly due to decrease in interest on finance lease for certain motor vehicles.

Income Tax Expense

The income tax expenses increased by approximately HK\$0.4 million for the Period. Our effective tax rate was approximately 16.7% for the Period, which was similar to effective tax rate of approximately 16.1% after excluding the non-deductible expenses of Listing expenses of approximately HK\$2.1 million for the three months ended 30 June 2017.

Profit for the Period

Our Group's net profit increased from approximately HK\$0.6 million for the three months ended 30 June 2017 to approximately HK\$4.5 million for the Period. Such increase was mainly attributable to the effect of Listing expenses and the increase in revenue and cost of services as explained above.

Corporate Governance Code

The Company endeavors to adopt prevailing best corporate governance practices. During the Period, the Company had complied with all the code provisions set out in the Corporate Governance Code as contained in Appendix 15 of the GEM Listing Rules and there has been no deviation in relation thereto.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “Code of Conduct”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “Required Standard Dealings”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings during the Period and up to the date of this announcement.

Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (“Shares”), underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 and 5.67 of the GEM Listing Rules, were as follows:

(i) Long position in the Shares

Name of Directors	Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Tsang Chiu Kwan (Note 2)	Interest in controlled corporation	104,625,000 ordinary Shares (L)	28.125%
Mr. Tsang Man Ping (Note 3)	Interest in controlled corporation	104,625,000 ordinary Shares (L)	28.125%

Notes:

1. The letter (L) denotes the person's long interest in our Shares.
2. Mr. Tsang Chiu Kwan beneficially owns the entire issued share capital of Universe King International Investment Limited (“Universe King”) and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.
3. Mr. Tsang Man Ping beneficially owns the entire issued share capital of Great Star Investment Group Limited (“Great Star”) and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.

(ii) *Long position in the ordinary shares of associated corporation*

Name of Directors	Name of associated corporation	Nature of interest	Number of Shares held	Percentage of interest
Mr. Tsang Chiu Kwan	Universe King	Beneficial Owner	1,000	100%
Mr. Tsang Man Ping	Great Star	Beneficial Owner	1,000	100%

Save as disclosed above and so far as is known to the Directors, as at 30 June 2018, none of the Directors nor chief executives of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the 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 (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2018, so far as is known to the Directors, the following persons had an interest or a short position in the Shares or the underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept under section 336 of the SFO, or, who were directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Tsang Chiu Kwan (Note 2)	Interest in controlled corporation	104,625,000 Shares (L)	28.125%
Ms. Leung Wai Ling ("Ms. Leung") (Note 3)	Interest of spouse	104,625,000 Shares (L)	28.125%
Universe King	Beneficial owner	104,625,000 Shares (L)	28.125%
Mr. Tsang Man Ping (Note 4)	Interest in controlled corporation	104,625,000 Shares (L)	28.125%
Ms. Wong Lin Fun ("Ms. Wong") (Note 5)	Interest of spouse	104,625,000 Shares (L)	28.125%
Great Star	Beneficial owner	104,625,000 Shares (L)	28.125%
Mr. Lai Wai Lam Ricky ("Mr. Lai") (Note 6)	Interest in controlled corporation	62,775,000 Shares (L)	16.875%
Ms. Chu Siu Ping ("Ms. Chu") (Note 7)	Interest of spouse	62,775,000 Shares (L)	16.875%
Giant Winchain Limited ("Giant Winchain")	Beneficial owner	62,775,000 Shares (L)	16.875%

Notes:

- 1 The letter (L) denotes the person's long interest in our Shares.
- 2 Mr. Tsang Chiu Kwan beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.
- 3 Ms. Leung is the spouse of Mr. Tsang Chiu Kwan and is deemed, or taken to be, interested in all the Shares held by Mr. Tsang Chiu Kwan for purposes of the SFO.
- 4 Mr. Tsang Man Ping beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.
- 5 Ms. Wong is the spouse of Mr. Tsang Man Ping and is deemed, or taken to be, interested in all the Shares held by Mr. Tsang Man Ping for purposes of the SFO.

- 6 Mr. Lai beneficially owns the entire issued share capital of Giant Winchain and is deemed, or taken to be, interested in all the Shares held by Giant Winchain for purposes of the SFO.
- 7 Ms. Chu is the spouse of Mr. Lai and is deemed, or taken to be, interested in all the Shares held by Mr. Lai for purposes of the SFO.

Save as disclosed above and so far as is known to the Directors, the Directors are not aware of any person who, as at 30 June 2018, had an interest or short position in the Shares or the underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, which were recorded in the register of the Company required to be kept under section 336 of the SFO, or, who were directly or indirectly, be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES OR DEBENTURE

Save as disclosed above, at no time during the Period were any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period and up to the date of this announcement.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

During the Period, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

INTEREST OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Innovax Capital Limited (the "Compliance Adviser"), as at 30 June 2018, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 15 August 2017, the Compliance Adviser and its directors, employees or close associates did not have any interests in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SHARE OPTION SCHEME

The share option scheme of the Company (the “Share Option Scheme”) is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules. The Share Option Scheme was adopted on 23 January 2018. As of the date of this announcement, no option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has been established on 23 January 2018 in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. Written terms of reference in compliance with code provision C.3.3 of the Corporate Governance Code and Corporate Governance Report, as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of the Audit Committee are, among other things, to review and supervise the Company’s financial reporting process, the risk management and internal control systems of the Group. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chen Yeung Tak, as the chairman of the Audit Committee, Mr. So Chun Man and Ms. Li Amanda Ching Man. The Audit Committee has reviewed the unaudited condensed financial information of the Company for the Period and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By Order of the Board
Gain Plus Holdings Limited
Tsang Chiu Kwan
Chairman

Hong Kong, 8 August 2018

As at the date of this announcement, the executive Directors are Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping and Mr. Lee Alexander Patrick and the independent non-executive Directors are Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk and in the case of this announcement, on the “Latest Company Announcements” page of GEM website at www.hkgem.com for at least seven days from the date of its posting. This announcement will also be published on the website of the Company at www.doublegain.hk.