# GAIN PLUS HOLDINGS LIMITED
# 德益控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 8522

# 2018-19

# Interim Report

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*This report 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.*

## Interim Results

The board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2018 ("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 and six months ended 30 September 2018*

| | Notes | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | | **2018 HK$'000 (Unaudited)** | 2017 HK$'000 (Unaudited) | **2018 HK$'000 (Unaudited)** | 2017 HK$'000 (Unaudited) |
| Revenue | 3 | **219,761** | 126,622 | **328,901** | 195,226 |
| Cost of services | | **(202,065)** | (115,913) | **(302,785)** | (179,245) |
| Gross profit | | **17,696** | 10,709 | **26,116** | 15,981 |
| Other income, gains and losses | | **357** | 294 | **402** | 316 |
| Administrative expenses | | **(2,684)** | (1,619) | **(5,724)** | (3,615) |
| Listing expenses | | **—** | (4,190) | **—** | (6,321) |
| Finance costs | | **(87)** | (25) | **(132)** | (59) |
| Profit before taxation | | **15,282** | 5,169 | **20,662** | 6,302 |
| Income tax expense | 5 | **(2,603)** | (1,539) | **(3,500)** | (2,065) |
| Profit and total comprehensive income for the period attributable to owners of the Company | 6 | **12,679** | 3,630 | **17,162** | 4,237 |
| Basic earnings per share | 8 | **HK3.41 cents** | HK1.30 cents | **HK4.61 cents** | HK1.52 cents |

## Unaudited Condensed Consolidated Statement of Financial Position

| | Notes | As at 30 September 2018 HK$'000 (Unaudited) | As at 31 March 2018 HK$'000 (Audited) |
|---|---|---|---|
| Non-current assets | | | |
| Plant and equipment | 9 | 3,344 | 2,379 |
| Deposits for acquisition of plant and equipment | | 213 | 547 |
| | | 3,557 | 2,926 |
| Current assets | | | |
| Trade and other receivables | 10 | 66,346 | 90,387 |
| Contract assets | 11 | 98,670 | — |
| Amounts due from customers for contract work | | — | 73,602 |
| Bank balances and cash | | 58,680 | 69,017 |
| | | 223,696 | 233,006 |
| Current liabilities | | | |
| Trade and other payables | 12 | 54,232 | 70,151 |
| Contract liabilities | 11 | 22,995 | — |
| Amounts due to customers for contract work | | — | 35,971 |
| Tax payable | | 4,104 | 4,214 |
| Borrowings | 13 | 5,871 | — |
| Obligations under finance leases | | 815 | 959 |
| | | 88,017 | 111,295 |
| Net current assets | | 135,679 | 121,711 |
| Total assets less current liabilities | | 139,236 | 124,637 |

| | Notes | As at 30 September 2018 HK$'000 (Unaudited) | As at 31 March 2018 HK$'000 (Audited) |
|---|---|---|---|
| Non-current liabilities | | | |
| Obligations under finance leases | | 916 | 1,263 |
| Deferred tax liabilities | | 248 | 149 |
| | | 1,164 | 1,412 |
| Net assets | | 138,072 | 123,225 |
| Capital and reserves | | | |
| Share capital | 14 | 3,720 | 3,720 |
| Reserves | | 134,352 | 119,505 |
| Total equity | | 138,072 | 123,225 |

## Condensed Consolidated Statement of Cash Flows

*For the six months ended 30 September 2018*

| | 2018<br>HK$'000<br>(Unaudited) | 2017<br>HK$'000<br>(Unaudited) |
|---|---|---|
| Net cash used in operating activities | (14,315) | (20,328) |
| Investing activities | | |
| Purchase of plant and equipment | (1,270) | (229) |
| Deposits paid for acquisition of plant and equipment | — | (47) |
| Proceeds from disposal of plant and equipment | — | 200 |
| Net cash used in investing activities | (1,270) | (76) |
| Financing activities | | |
| Proceeds from issue of shares by a subsidiary | — | 20,000 |
| New bank loans raised | 8,999 | — |
| Repayment of borrowings | (3,128) | — |
| Repayment of obligations under finance leases | (491) | (593) |
| Interest paid | (132) | (59) |
| Net cash from financing activities | 5,248 | 19,348 |
| Net decrease in cash and cash equivalents | (10,337) | (1,056) |
| Cash and cash equivalents at the beginning of the period | 69,017 | 6,412 |
| Cash and cash equivalents at the end of the period | 58,680 | 5,356 |

## Unaudited Condensed Consolidated Statement of Changes in Equity

*For the six months ended 30 September 2018*

| | | Reserves | | | | |
|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Capital reserve HK$'000 | Other reserve HK$'000 | Retained earnings HK$'000 | Total HK$'000 |
| At 31 March 2018 (Audited) | 3,720 | 132,532 | (48,883) | (3,337) | 39,193 | 123,225 |
| Adjustments (Note 2) | — | — | — | — | (2,315) | (2,315) |
| At 1 April 2018 (restated) | 3,720 | 132,532 | (48,883) | (3,337) | 36,878 | 120,910 |
| Profit and total comprehensive income for the period | — | — | — | — | 17,162 | 17,162 |
| **At 30 September 2018 (Unaudited)** | 3,720 | 132,532 | (48,883) | (3,337) | 54,040 | 138,072 |
| At 1 April 2017 (Audited) | 10 | — | — | (3,337) | 47,934 | 44,607 |
| Issue of shares by Double Gain Engineering Limited ("Double Gain") | 20,000 | — | — | — | — | 20,000 |
| Issue of shares by Nation Max Holdings Limited ("Nation Max") to acquire controlling interest of Double Gains as part of the group reorganisation | (20,002) | 20,002 | — | — | — | — |
| Profit and total comprehensive income for the period | — | — | — | — | 4,237 | 4,237 |
| At 30 September 2017 (Unaudited) | 8 | 20,002 | — | (3,337) | 52,171 | 68,844 |

# Notes to the Unaudited Condensed Consolidated Financial Statements

## 1. General and Basis of Preparation

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.

Pursuant to the reorganisation ("Reorganisation") as set out in the section headed "History, Corporate Structure and Reorganisation" in the Company's prospectus dated 30 January 2018 (the "Prospectus"), the Reorganisation involved incorporation of and interspersing the Company, Nation Max and other investment holding companies between Double Gain and the then shareholders. Upon the completion of the Reorganisation, the Company has become the holding company of the companies now comprising the Group on 23 January 2018. The Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group which include the results, changes in equity and cash flows of the companies comprising the Group for the six months ended 30 September 2017 have been prepared as if the Company had always been the holding company of the companies now comprising the Group and the current group structure had been in existence throughout the period, or since their respective dates of incorporation or establishment, where it is a shorter period.

The condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the Chapter 18 of GEM Listing Rules.

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

## 2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis. Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

### Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts |
| Amendments to HKAS 28 | As part of the Annual Improvements to HKFRSs 2014–2016 Cycle |
| Amendments to HKAS 40 | Transfers of Investment Property |

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

## 2. Principal Accounting Policies (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

The Group recognises revenue from the following major sources:

- Contract revenue from provision of building construction services
- Contract revenue from provision of repair, maintenance, addition and alteration services ("RMAA Services")

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

#### 2.1.1. Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(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 Group satisfies a performance obligation.

Under HKFRS 15, the Group 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.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

## 2. Principal Accounting Policies (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met.

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

**Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation — Revenue from construction contracts**

Revenue from construction contracts is recognised over time during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period.

## 2. Principal Accounting Policies (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

For contracts that contain variable consideration such as variation in contract work, claims and incentive payment, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 1 April 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

## 2. Principal Accounting Policies (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15

| | Carrying amounts previously reported at 31 March 2018 | Reclassification | Carrying amounts under HKFRS 15 at 1 April 2018* |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| **Current Assets** | | | |
| Trade and other receivable | 90,387 | (20,444) | 69,943 |
| Contract assets | — | 85,744 | 85,744 |
| Amounts due from customers for contract work | 73,602 | (73,602) | — |
| **Current Liabilities** | | | |
| Trade and other payable | 70,151 | (28,639) | 41,512 |
| Contract liabilities | — | 56,308 | 56,308 |
| Amounts due to customers for contract work | 35,971 | (35,971) | — |

* The amount in this column are before the adjustments from the application of HKFRS 9.

At the date of initial application, retention receivable of HK$20,444,000 included in trade and other receivable, advances received from customers of HK$28,639,000 included in trade and other payable and amounts due from/to customers for contract work were reclassified to contract assets and liabilities.

The following table summarises the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 September 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

## 2. Principal Accounting Policies (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Continued)

*Impact on the condensed consolidated statement of financial position*

| | As reported HK$'000 (Unaudited) | Reclassification HK$'000 | Amounts without application of HKFRS 15 HK$'000 (Unaudited) |
|---|---|---|---|
| **Current Assets** | | | |
| Trade and other receivable | 66,346 | 12,604 | 78,950 |
| Contract assets | 98,670 | (98,670) | — |
| Amounts due from customers for contract work | — | 123,046 | 123,046 |
| **Current Liabilities** | | | |
| Trade and other payable | 54,232 | 48,790 | 103,022 |
| Contract liabilities | 22,995 | (22,995) | — |
| Amounts due to customers for contract work | — | 11,185 | 11,185 |

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and contract assets and 3) general hedge accounting.

## 2. Principal Accounting Policies (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

*Classification and measurement of financial assets*

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## 2. Principal Accounting Policies (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

*Classification and measurement of financial assets (Continued)*

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. All of the Group's financial assets previously classified as loans and receivables under HKAS 39 continued to be measured at amortised cost under HKFRS 9. There is no changes in classification and measurement on the Group's financial assets upon the application of HKFRS 9.

*Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, contract assets and bank balance and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

## 2. Principal Accounting Policies (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

*Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

## 2. Principal Accounting Policies (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

*Significant increase in credit risk (Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

## 2. Principal Accounting Policies (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

*Measurement and recognition of ECL (Continued)*

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed in Note 2.2.2.

2.2.2 Summary of effects arising from initial application of HKFRS 9

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade receivables. To measure the ECL, contract assets and trade receivables have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of bank balances and other receivables, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

All loss allowances for financial assets including contract assets and trade receivables as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

| | **Contract assets** | **Trade receivables** | **Total** |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| At 31 March 2018 — HKAS 39 | N/A | — | — |
| Amounts remeasured through opening retained profits | 1,422 | 893 | 2,315 |
| At 1 April 2018 | 1,422 | 893 | 2,315 |

## 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 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) | 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) |
| Contract revenue from provision of RMAA Services | 202,111 | 117,784 | 296,474 | 172,537 |
| Contract revenue from provision of building construction services | 17,650 | 8,838 | 32,427 | 22,689 |
| Total | 219,761 | 126,622 | 328,901 | 195,226 |
| Timing of revenue recognition | | | | |
| Over time | 219,761 | 126,622 | 328,901 | 195,226 |

## 4. Segment Information

The Group focuses primarily on the provision of building construction services and RMAA Services in Hong Kong. The operation of the Group constitutes one single operating and reportable segment. The management of the Group, being the chief operating decision maker of the Group, review the revenue and operating results of the Group as a whole which is prepared based on the same accounting policies as set out in note 2 above to make decisions about resource allocation and performance assessment and accordingly no separate segment information is prepared other than entity-wide disclosure.

## 5. Income Tax Expense

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | **2018 HK$'000 (Unaudited)** | 2017 HK$'000 (Unaudited) | **2018 HK$'000 (Unaudited)** | 2017 HK$'000 (Unaudited) |
| Current Tax | | | | |
| Hong Kong Profits Tax | **2,567** | 1,605 | **3,401** | 2,065 |
| Deferred Tax | **36** | (66) | **99** | — |
| | **2,603** | 1,539 | **3,500** | 2,065 |

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

## 6. Profit for the Period

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | **2018 HK$'000 (Unaudited)** | 2017 HK$'000 (Unaudited) | **2018 HK$'000 (Unaudited)** | 2017 HK$'000 (Unaudited) |
| Profit for the period is arrived at after (crediting) charging: | | | | |
| Depreciation of plant and equipment | **339** | 289 | **639** | 646 |
| Impairment losses, net | **45** | — | **45** | — |
| Interest income | **(131)** | — | **(131)** | — |
| Gain on disposal of plant and equipment | **—** | — | **—** | (146) |

## 7. Dividends

No dividend were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of interim period.

## 8. Earnings Per Share

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | **2018 (Unaudited)** | 2017 (Unaudited) | **2018 (Unaudited)** | 2017 (Unaudited) |
| Earnings for the purpose of calculating basic earnings per share (HK$'000) | **12,679** | 3,630 | **17,162** | 4,237 |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | **372,000,000** | 279,000,000 | **372,000,000** | 279,000,000 |

For the six months ended 30 September 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.

## 9. Movements in Property, Plant and Equipment

During the period, the Group acquired items of plant and equipment of HK$1,604,000 (six months ended 30 September 2017: HK$1,613,000). There is no disposal of plant and equipment for six months ended 30 September 2018. For six months ended 30 September 2017, the Group disposed of certain items of plant and equipment with an aggregate carrying amount of HK$54,000 for cash proceeds of HK$200,000, resulting in a gain on disposal of HK$146,000.

## 10. Trade and Other Receivables

The following is an aged analysis of trade receivables presented based on dates of works certified at the end of the reporting period, net of allowance for doubtful debts.

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| 1–30 days | 31,801 | 21,295 |
| 31–60 days | 591 | 23,798 |
| 61–90 days | 4,206 | — |
| Over 90 days | 8,806 | 7,583 |
| | 45,404 | 52,676 |
| Other receivables | 20,942 | 37,711 |
| | 66,346 | 90,387 |

### Retention receivables

The following is an aged analysis of retention receivables, based on invoice date of respective project, at the end of the reporting period.

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Within one year | – | 19,054 |
| After one year | – | 1,390 |
| | – | 20,444 |

## 11. Contract Assets and Liabilities

| | 30 September 2018 HK$'000 (Unaudited) |
|---|---|
| Provision of RMAA Services | 76,830 |
| Provision of building construction services | (1,155) |
| | 75,675 |
| Analysed for reporting purposes as: | |
| Contract assets | 98,670 |
| Contract liabilities | (22,995) |
| | 75,675 |

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance in satisfying the respective performance obligations at the reporting date on respective contracts. The contract assets are transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to Group's obligation to transfer construction contracts to customers for which the Group has received consideration from customers.

### Retention receivables

At 30 September 2018, included in contract assets and liabilities are retention receivables of HK$12,604,000.

The following is an aged analysis of retention receivables, based on invoice date of respective project, at the end of the reporting period.

| | 30 September 2018 HK$'000 (Unaudited) |
|---|---|
| Within one year | 11,224 |
| After one year | 1,380 |
| | 12,604 |

## 12. Trade and Other Payables

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| 1–30 days | 14,462 | 20,030 |
| 31–60 days | 18,363 | 4,333 |
| 61–90 days | 3,967 | 2,139 |
| Over 90 days | 6,361 | 4,096 |
| | 43,153 | 30,598 |
| Other payables | 11,079 | 39,553 |
| | 54,232 | 70,151 |

As at 31 March 2018, all the retention payables were aged within one year (2017: aged within one year).

## 13. Borrowings

During the current interim period, the Group obtained new bank loans amounting to HK$8,999,000 (2017: Nil). The loans carry interest at variable market rates of approximate 2.05% per annum and are repayable in instalments over a period of one year. The proceeds were used to finance the operation.

## 14. Share Capital

The share capital as at 1 April 2017 represented the share capital of Double Gain. The share capital at 30 September 2017 represented the issued and fully paid share capital of the Company and Nation Max.

Details of the changes in the Company's share capital during the period from 4 July 2017 (date of incorporation) to 31 March 2018 are as follows:

| | Number of shares | Amount HK$'000 |
|---|---|---|
| Ordinary shares of HK$0.01 each | | |
| Authorised: | | |
| At 4 July 2017 (date of incorporation) (note a) | 39,000,000 | 390 |
| Increase in authorised share capital (note b) | 741,000,000 | 7,410 |
| At 31 March 2018 and 30 September 2018 | 780,000,000 | 7,800 |
| Issued and fully paid: | | |
| At 4 July 2017 (date of incorporation) (note a) | 1 | — |
| Issue of shares (note a) | 10,999 | — |
| Issue of shares pursuant to the capitalisation issue (note c) | 278,989,000 | 2,790 |
| Issue of shares pursuant to the placing (note d) | 65,100,000 | 651 |
| Issue of shares pursuant to the public offer (note d) | 27,900,000 | 279 |
| At 31 March 2018 and 30 September 2018 | 372,000,000 | 3,720 |

The new shares issued rank pari passu in all respects with existing shares.

## 14. Share Capital (Continued)

Notes:

(a) On 4 July 2017, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an initial authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each, of which one share was allotted and issued as fully paid to an initial subscriber (who is an independent third party) at par. During the year ended 31 March 2018, 10,999 shares were allotted and issued as fully paid.

(b) Pursuant to the written resolutions of the shareholders passed on 23 January 2018, the authorised share capital of the Company was increased from HK$390,000 to HK$7,800,000 by the creation of a further 741,000,000 shares of HK$0.01 each.

(c) On 13 February 2018, the Company capitalised the sum of HK$2,790,000 standing to the credit of the share premium account of the Company and applied the amount towards paying up in full 279,000,000 shares of nominal value of HK$0.01 each for allotment to the shareholders whose names appear on the register of members of the Company immediately before the listing of the shares of the Company on the Stock Exchange.

(d) On 13 February 2018, the Company allotted and issued 65,100,000 and 27,900,000 new shares of par value of HK$0.01 each, at HK$0.8 per share credited as fully paid, pursuant to the placing and public offer, respectively.

## 15. Share Option Scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 23 January 2018 for the primary purpose of providing incentives to directors and eligible employees. Under the scheme, the directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company. Details of the share option scheme are disclosed in the Directors' Report of 2018 annual report dated 22 June 2018.

During the six months ended 30 September 2018, the Group did not granted any share option under the share option scheme of the Company (2017: nil).

## 16. Capital Commitments

At the end of current period, the Group was not committed to acquire plant and equipment (31 March 2018: HK$778,000).

## 17. Financial Instruments

### Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values.

## 18. Related Party Transactions

Other than the transactions and balances disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group had the following transactions with related parties during the period:

### (i) Transactions

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | **2018 HK$'000 (Unaudited)** | 2017 HK$'000 (Unaudited) | **2018 HK$'000 (Unaudited)** | 2017 HK$'000 (Unaudited) |
| Purchases of materials from: | | | | |
| Victor Link Trading Limited (note) | **15** | 2 | **74** | 8 |

Note: The Group's related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping are the common directors and ultimate controlling parties of Victor Link Trading Limited.

## 18. Related Party Transactions (Continued)

### (i) Transactions (Continued)

A director of the Company, Mr. Tsang Man Ping provided personal guarantees in favour of certain customers of the Group, which are the main contractors, in respect of certain RMAA Services projects of the Group with an aggregate contract sum of HK$299.5 million as at 30 September 2017. The personal guarantees served as securities for the due performance and observance of the Group's obligations under the contracts and Mr. Tsang Man Ping agreed to indemnify the relevant customers for any loss or damage suffered as a result of our Group's default under the contracts. All personal guarantees were released before December 2017.

A director of the Company, Mr. Tsang Man Ping, entered into a tenancy agreement with landlord in respect of a premises that was used by the Group as an office and storage of goods. No rental expenses incurred by the Group during the six months ended 30 September 2018 (30 September 2017: HK$36,000). The tenancy agreement was terminated in June 2017.

### (ii) Compensation of key management personnel

The remuneration of the directors of the Company and the other members of key management are as follows:

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) | 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) |
| Short-term benefits | 1,111 | 736 | 2,335 | 1,327 |

# 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$195.2 million for the six months ended 30 September 2017 to approximately HK$328.9 million for the six months ended 30 September 2018 (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$22.7 million for the six months ended 30 September 2017 to approximately HK$32.4 million for the Period. Such increase was due to the increase in value of work certified of projects namely refurbishment and conversion of a hospital.

## Cost of Services

Our cost of services increased from approximately HK$179.2 million for the six months ended 30 September 2017 to approximately HK$302.8 million for the Period, which is in line with the increase in revenue for the six months ended 30 September 2017 as compared to that for the Period.

## Gross Profit

Our gross profit increased from approximately HK$16.0 million for the six months ended 30 September 2017 to approximately HK$26.1 million for the Period. Our gross profit margin decreased from approximately 8.2% for the six months ended 30 September 2017 to approximately 7.9% for the Period. Such decrease was mainly attributable to the decrease in the gross profit margin of RMAA services.

## Other Income, Gains and Losses

Our other income increased from approximately HK$316,000 for the six months ended 30 September 2017 to approximately HK$402,000 for the Period. The increase was mainly attributable to the increase in bank interest income.

## Administrative Expenses

Our Group's administrative expenses increased from approximately HK$3.6 million for the six months ended 30 September 2017 to approximately HK$5.7 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 increased by approximately HK$73,000 for the Period, which was mainly due to increase in interest on new bank loans raised.

## Income Tax Expense

The income tax expenses increased by approximately HK$1.4 million for the Period. Our effective tax rate was approximately 16.9% for the Period, which was sightly higher than effective tax rate of approximately 16.4% after excluding the non-deductible expenses of Listing expenses of approximately HK$6.3 million for the six months ended 30 September 2017.

## Profit for the Period

Our Group's net profit increased from approximately HK$4.2 million for the six months ended 30 September 2017 to approximately HK$17.2 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.

## Liquidity and Financial Resources

The Group maintained a sound financial position during the Period. As at 30 September 2018, the Group had a bank balances and cash of approximately HK$58.7 million (31 March 2018: approximately HK$69.0 million). The total interest-bearing borrowings, including borrowings and obligations under finance leases, of the Group as at 30 September 2018 was approximately HK$7.6 million (31 March 2018: approximately HK$2.2 million), and the current ratio as at 30 September 2018 was approximately 2.5 (31 March 2018: approximately 2.1).

As at 30 September 2018, bank balances and cash, borrowings and obligations under finance leases were dominated in Hong Kong Dollars.

During the current interim period, the Group obtained new bank loans amounting to HK$9.0 million (2017: Nil). The loans are repayable in instalments over a period of one year with interest carrying at variable market rates of approximately 2.05% per annum. The proceeds were used to finance the operation. As at 30 September 2018, bank loans amounts due within one year under current liabilities was approximate HK$5.9 million.

## Gearing Ratio

The gearing ratio of the Group as at 30 September 2018 was approximately 5.5% (31 March 2018: approximately 1.8%). Such increase was primarily attributable to the new bank loans obtained from bank during the period. The gearing ratio is calculated by dividing the total debt which represents obligations under finance leases by total equity as at the end of the years multiplied by 100%.

## Capital Structure

The shares of the Company were successfully listed on GEM of the Stock Exchange on 13 February 2018. There has been no change in the capital structure of the Company since then. The share capital of the Group only comprises of ordinary shares.

## Commitment

The operating lease commitment of the Group was related to the lease of its office, workshops and warehouses. The Group's operating lease commitment amounted to approximately HK$0.1 million as at 30 September 2018 (31 March 2018: HK$0.3 million).

The capital commitment of the Group was capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements. As at 30 September 2018, there is no capital commitment (31 March 2018: HK$0.8 million).

## Segment Information

Segment information is disclosed in note 4 of the notes to the condensed consolidated financial statements.

## Future Plans for Material Investments and Capital Assets

Save as disclosed in the section headed "Future plans and use of proceeds" of the Prospectus, the Group did not have any plans for material investments and capital assets.

## Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the Period, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## Significant Investment

As at 30 September 2018, the Group did not hold any significant investment.

## Contingent Liabilities

As at 30 September 2018, the Group did not have material contingent liabilities.

## Exposure to Exchange Rate Fluctuation

The Group's revenue generating operations are mainly transacted in Hong Kong Dollars. The Directors consider that the impact of foreign exchange exposure to the Group is minimal.

## Charge of Group's Assets

As at 30 September 2018, the Group did not charge any of Group's assets.

## Employees and Remuneration Policies

As at 30 September 2018, the Group had a total of 175 employees (31 March 2018: 144 employees). The Group's gross staff costs for the Period amounted to approximately HK$21.2 million (30 September 2017: HK$10.7 million). To ensure that the Group is able to attract and retain Directors and staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance. There was no forfeited contribution under Mandatory Provident Fund scheme during the Period. We provide various types of trainings to our employees and sponsor our employees to attend training courses.

## Events After the Reporting Period

There are no material subsequent events undertaken by the Company or by the Group after 30 September 2018.

## Comparison of Business Strategies and Actual Business Progress

An analysis comparing the business strategies as disclosed in the Prospectus with the Group's actual business progress for the period from the Listing Date to 30 September 2018 is set out below:

| Business objectives | Progress |
|---|---|
| Continue to strengthen our market position in the industry and expand our market share in Hong Kong | The Group continues being invited to submit 5 tenders and provide 5 quotations |
| Further strengthening our manpower | The Group continues to expand our labour resources, recruited 31 additional staff |

For details of the implementation of the abovementioned business strategies, please refer to section headed "Use of Proceeds" in this interim report.

## Use of Proceeds

The final offer price for the Listing was HK$0.80 per share, and the actual net proceeds from the Listing were approximately HK$51.8 million, after deducting the listing-related expenses of approximately HK$22.6 million (of which, approximately HK$15.6 million and HK$7.0 million are recognised in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity, respectively). This amount was higher than the estimated net proceeds of approximately HK$44.1 million, which was based on a mid-point offer price of HK$0.70 per share, as disclosed in the Prospectus. In light of the difference between the actual and estimated amount of the net proceeds, the Group has adjusted the use of proceeds, applying all surplus proceed to obtain surety bonds, as shown in the Prospectus:

| | **Adjusted use of net proceeds** HK$ million | **Planned use of net proceeds from Listing Date to 30 September 2018** HK$ million | **Actual use of net proceeds up to 30 September 2018** HK$ million |
|---|---|---|---|
| The recruitment and retaining of additional staff | 21.2 | 7.2 | 4.0 |
| The surety bond | 23.7 | 16.0 | 0.0 |
| Purchase of machineries and motor vehicles | 2.9 | 2.4 | 1.6 |
| Working capital | 4.0 | N/A | 4.0 |
| Total | 51.8 | | 9.6 |

The net proceeds are designated for the purposes in accordance with disclosures in the Prospectus. During the period, no utilization of surety bond as there is no new project required surety bond commenced.

The Company intends to continue to apply the net proceeds in accordance with the section headed "Future Plans and Use of Proceeds" of the Prospectus.

# Other Information

## 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 report.

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

As at 30 September 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 September 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 September 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 September 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 report.

## 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 September 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 report, 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 statements 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, 7 November 2018

*As at the date of this report, 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.*