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A.Plus Group Holdings Limited 優越集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code on GEM: 8251)

(Stock Code on Main Board: 1841)

TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Sponsor



紅日資本有限公司

RED SUN CAPITAL LIMITED

Reference is made to the announcement of the Company dated 10 August 2018 in relation to the formal application submitted to the Stock Exchange for the Transfer.

On 10 August 2018, a formal application was made by the Company to the Stock Exchange for the Transfer. The Company has applied for the listing of, and permission to deal in, (i) all the Shares in issue; and (ii) the new Shares which may fall to be issued upon the exercise of the share options which may be granted under the Share Option Scheme, by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the approval-in-principle for the Transfer has been granted by the Stock Exchange on 2 January 2019. The last day of dealings in the Shares on GEM will be 10 January 2019. Dealings in the Shares on the Main Board (stock code: 1841) will commence at 9:00 a.m. on 11 January 2019.

All pre-conditions for the Transfer have been fulfilled as at the date of this announcement.

The Transfer will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer.

The price and trading volume of the Shares has been volatile during May to August 2018. After conducting reasonable enquiries and to the best of its knowledge, the Board is not aware of any reason for such volatility and the price and trading volume of the Shares may continue to be volatile. Attention of the Shareholders and potential investors of the Company is drawn to the potential risks and they are advised to exercise caution when dealing in the Shares.

TRANSFER

Reference is made to the announcement of the Company dated 10 August 2018 in relation to the formal application submitted to the Stock Exchange for the Transfer.

On 10 August 2018, a formal application was made by the Company to the Stock Exchange for the Transfer. The Company has applied for the listing of, and permission to deal in, (i) all the Shares in issue; and (ii) the new Shares which may fall to be issued upon the exercise of the share options which may be granted under the Share Option Scheme, by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the Stock Exchange granted its approval in-principle on 2 January 2019 for the Shares to be listed on the Main Board and delisted from GEM.

All pre-conditions for the Transfer have been fulfilled as at the date of this announcement.

REASONS FOR THE TRANSFER

The Company has been listed on GEM since 19 April 2016. The Group is a financial printing service provider in Hong Kong and mainly provides typesetting, design, translation, printing and delivery services in relation to financial reports, announcements, shareholder circulars, debt offering circulars, IPO prospectuses and fund documents. The Group's business is mainly conducted through its two wholly-owned subsidiaries, namely APF and API. APF mainly focuses on documents relating to continuous listing compliance obligations of companies listed on the Stock Exchange, while API concentrates on enhancing the Group's market presence in relation to debt offering circulars and IPO prospectuses by expanding business relationships with intermediaries such as financial institutions and law firms.

GEM has been positioned and perceived as a market designed to accommodate small and mid-sized companies to which a higher investment risk and higher market volatility may be attached than other companies listed on the Main Board. Following the continuing development of the Group, the Directors believe that the Transfer will enhance the profile of the Group and the attractiveness of the Shares to both institutional and retail investors.

Furthermore, given that the entry requirements for issuers listing on the Main Board is generally higher than that of GEM, the Directors consider that the Main Board is perceived to enjoy a more advanced status by investors which could result in a larger investor base and promote the Company's corporate profile and recognition among public investors. Also, the Transfer will strengthen the Group's position in the industry and enhance the Group's competitive strengths in retaining and attracting professional staff and customers. Therefore, the Directors are of the view that the Transfer will be beneficial to the future growth, financing flexibility and business development of the Group which will create a long-term value to the Shareholders.

As at the date of this announcement, the Board does not contemplate any material change in the nature of the business activities of the Group following the Transfer. The Transfer will not involve any issue of new Shares.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 19 April 2016, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (stock code: 8251) will be 10 January 2019. Dealings in the Shares on the Main Board (stock code: 1841) will commence at 9:00 a.m. on 11 January 2019.

The Transfer will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in board lots of 10,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by the Company on 23 March 2016, the Share Option Scheme will be valid and effective for a period of ten years commencing on 19 April 2016, after which period no further options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue. As at the date of this announcement, the Share Option Scheme fully complies with the requirements of Chapter 17 of the Main Board Listing Rules. As such, the Share Option Scheme will remain effective following the Transfer.

Pursuant to the Share Option Scheme, the Company may grant options in respect of a total of 40,000,000 Shares, representing 10% of the share capital of the Company in issue as at 19 April 2016, on which dealing in Shares first commenced on GEM, during the remaining term of the Share Option Scheme. As at the date of this announcement, no options have been granted by the Company under the Share Option Scheme. The listing of Shares which may fall to be issued upon exercise of the share options granted under the Share Option Scheme will also be transferred to the Main Board.

As at the date of this announcement, the Company does not have any other options, warrants or similar rights or convertible equity securities in issue which will be transferred to the Main Board.

SHARE PRICE VOLATILITY

The price and trading volume of the Shares has been volatile during May to August 2018. After conducting reasonable enquiries and to the best of its knowledge, the Board is not aware of any reason for such volatility and the price and trading volume of the Shares may continue to be volatile. Attention of the Shareholders and potential investors of the Company is drawn to the potential risks and they are advised to exercise caution when dealing in the Shares.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 28 August 2018 to allot and issue new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held; and
- (c) the date on which the authority given to the Directors is revoked or varied by a resolution of the Shareholders in general meeting.

SHAREHOLDING DISTRIBUTION

The Company has engaged an independent third party agent to make an enquiry into its shareholding. Based on the information received up to the date of this announcement and to the best knowledge of the Directors upon due inquiry, as at 10 December 2018 (being the latest practicable date for the Company to ascertain the following information prior to the Transfer), (i) the Controlling Shareholders held in aggregate 233,160,000 Shares, representing approximately 58.3% of the entire issued share capital of the Company; (ii) public Shareholders held in aggregate 142,260,000 Shares, representing approximately 35.6% of the entire issued share capital of the Company; and (iii) there were not less than 425 Shareholders⁽¹⁾. Among the public Shareholders, as at 10 December 2018, (i) the three largest public Shareholders held in aggregate 32,180,000 Shares, representing approximately 22.6% of the Shares held in public hands; and (ii) top 25 public Shareholders held in aggregate 88,150,000 Shares, representing approximately 62.0% of the Shares held in public hands.

As at the date of this announcement, the Controlling Shareholders held in aggregate 233,160,000 Shares, representing approximately 58.3% of the entire issued share capital of the Company.

PUBLIC FLOAT

The Directors confirm that not less than 25% of the total issued share capital of the Company is held by the public (as defined in the Main Board Listing Rules) as at the date of this announcement. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules.

(1) Based on information from the shareholding enquiry, for the purpose of calculating the number of Shareholders, a Shareholder whom holds Shares through multiple brokerage accounts via different brokerage firms has been counted as a single Shareholder.

PUBLICATION OF RESULTS

The annual results of the Group for the year ended 31 March 2018 were published. Please refer to the annual results announcement and annual report of the Company for the year ended 31 March 2018 published on 13 June 2018 and 28 June 2018, respectively, for details.

The first quarterly results of the Group for the three months ended 30 June 2018 were published. Please refer to the first quarterly results announcement and first quarterly report of the Company for the three months ended 30 June 2018 published on 13 August 2018 for details.

The interim results of the Group for the six months ended 30 September 2018 were published. Please refer to the interim results announcement and interim report of the Company for the six months ended 30 September 2018 published on 12 November 2018 and 13 November 2018, respectively, for details.

Upon the Transfer, the Company will cease the practice of quarterly reporting of financial results and will follow the relevant requirements of the Main Board Listing Rules which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively. The Board is of the view that the potential investors and Shareholders will continue to have access to relevant information on the Company following the reporting requirements under the Main Board Listing Rules.

COMPLIANCE ADVISER AFTER TRANSFER

Altus Capital Limited has been appointed as the compliance adviser of the Group subsequent to the GEM Listing pursuant to Rule 6A.19 of the GEM Listing Rules. The engagement of Altus Capital Limited as the compliance adviser of the Group will end on the date on which the Company sends to the Shareholders a copy of the Directors' report and the consolidated financial statements in respect of the financial results for the year ending 31 March 2019 together with a copy of the auditor's report.

SUMMARY OF THE GROUP'S BUSINESS

Principal business

The Group is a financial printing service provider in Hong Kong and mainly provides typesetting, design, translation, printing and delivery services in relation to financial reports, announcements, shareholder circulars, debt offering circulars, IPO prospectuses and fund documents.

The following table illustrates the revenue of the Group by its product segments during the Track Record Period and six months ended 30 September 2017:

| | 2016 | | Year ended 31 March | | | | Six months ended 30 September | | | |
|---|---------------|--------------|---------------------|--------------|----------------|--------------|-------------------------------|--------------|-------------------------|--------------|
| | HK\$'000 | % | 2017 | | 2018 | | 2017 | | 2018 | |
| | | | HK\$'000 | % | HK\$'000 | % | HK\$'000 (Unaudited) | % | HK\$'000 (Unaudited) | % |
| Results announcements and financial reports | 40,739 | 40.8 | 50,966 | 39.6 | 73,085 | 44.5 | 44,120 | 50.5 | 41,476 | 47.0 |
| Company announcements and shareholder circulars | 42,198 | 42.3 | 47,728 | 37.0 | 48,387 | 29.4 | 25,993 | 29.8 | 27,186 | 30.8 |
| Debt offering circulars and IPO prospectuses | 6,264 | 6.3 | 17,061 | 13.2 | 29,454 | 17.9 | 10,711 | 12.3 | 15,064 | 17.1 |
| Fund documents | 5,518 | 5.5 | 4,271 | 3.3 | 4,078 | 2.5 | 1,591 | 1.8 | 774 | 0.9 |
| Others | 5,043 | 5.1 | 8,834 | 6.9 | 9,366 | 5.7 | 4,896 | 5.6 | 3,766 | 4.2 |
| | <u>99,762</u> | <u>100.0</u> | <u>128,860</u> | <u>100.0</u> | <u>164,370</u> | <u>100.0</u> | <u>87,311</u> | <u>100.0</u> | <u>88,266</u> | <u>100.0</u> |

Business model

Generally, the Group markets to new customers through (i) direct contact with representatives of listed companies by engaging in pitching activities such as cold calls and sales presentations; (ii) expanding the Group's business relationships with intermediaries such as financial institutions and law firms for referrals; and (iii) participating in marketing events including, among others, investment forums. Meanwhile, the Group may also receive referrals of new business opportunities from its existing customers.

As customers generally engage the Group on a project-by-project basis, the Group also provides quotation to, and pitch for existing customers in relation to new engagements. Depending on the needs and demands of potential customers, the Group's design department may be involved alongside the Group's sales and marketing department for the preparation and execution of pitching activities.

Subsequent to potential customers agreeing to the Group's quotation, the engaged customers or their designated representatives will provide to the Group with the first draft document for the Group's processing. The Group will then assign a responsible account service representative to such customers. The Group's account & customer service department is responsible for the coordination of typesetting and proof turnaround between customers and the Group's desktop publishing department and translation department, and liaise with translation service providers during the production process.

Subsequent to the final approval from customers, the Group's account & customer service department will then perform quality assurance procedures on the approved documents, and the relevant documents will then be printed in accordance to the specifications and quantities required by the customers. The printed documents will then be delivered and distributed by printing service providers to customers and/or their designated parties according to the requirements of the customers.

Depending on specific customer's instructions, representatives of the Group's account & customer service department will (i) submit the publish versions of the documents for publication on the Exchange's website; and/or (ii) upload the publish versions of the documents onto customers' relevant company websites.

CUSTOMERS AND VENDORS

Customers

The Group's customers include listed and non-listed companies, out of which the majority of them are companies listed on the Stock Exchange. For each of the three years ended 31 March 2018 and the six months ended 30 September 2018, the Group had over 300, 420, 480 and 420 customers with revenue contribution to the Group. During the same periods, 260, 326, 354 and 324 of these customers were companies listed on the Stock Exchange, respectively, which represented approximately 13.8%, 16.2%, 16.2% and 14.3% of the total number of companies listed on the Stock Exchange at the end of the corresponding period. For each of the three years ended 31 March 2018 and the six months ended 30 September 2018, the Group derived revenue of approximately HK\$91.9 million, HK\$111.7 million, HK\$131.9 million and HK\$70.8 million from customers which were listed on the Stock Exchange, which represented approximately 92.1%, 86.7%, 80.2% and 80.2% of the Group's total revenue, respectively.

The Group has been keen on identifying and obtaining business opportunities from both companies listed on the Main Board or GEM. The table below sets forth a breakdown of the Group's revenue derived from customers which were listed on the Main Board and GEM, respectively, during the Track Record Period and six months ended 30 September 2017:

| | 2016 | | Year ended 31 March | | | | Six months ended 30 September | | | |
|------------|---------------|--------------|---------------------|--------------|----------------|--------------|-------------------------------|--------------|---------------|--------------|
| | HK\$'000 | % | 2017 | | 2018 | | 2017 | | 2018 | |
| | | | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % |
| | | | | | | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Main Board | 72,840 | 79.3 | 86,557 | 77.5 | 108,821 | 82.5 | 62,620 | 83.2 | 58,805 | 83.1 |
| GEM | 19,015 | 20.7 | 25,171 | 22.5 | 23,035 | 17.5 | 12,667 | 16.8 | 11,981 | 16.9 |
| Total | <u>91,855</u> | <u>100.0</u> | <u>111,728</u> | <u>100.0</u> | <u>131,856</u> | <u>100.0</u> | <u>75,287</u> | <u>100.0</u> | <u>70,786</u> | <u>100.0</u> |

For each of the three years ended 31 March 2018 and the six months ended 30 September 2018, the total revenue attributable to the Group's largest customer amounted to approximately HK\$5.5 million, HK\$4.6 million, HK\$4.1 million and HK\$2.8 million, respectively, representing approximately 5.5%, 3.5%, 2.5% and 3.2% of the total revenue of the Group, respectively, while the total revenue attributable to the Group's five largest customers amounted to approximately HK\$14.8 million, HK\$14.3 million, HK\$14.3 million and HK\$7.6 million, respectively, representing approximately 14.8%, 11.1%, 8.7% and 8.6% of the total revenue of the Group, respectively.

Set out below are the details of the five largest customers of the Group and their background information during the Track Record Period:

For the year ended 31 March 2016

| Customers | Product segments | Nature of business | Revenue generated HK\$'000 | Year in which business relationship began | % of total revenue % |
|--------------|--|--|-------------------------------|--|----------------------------|
| Customer A | Fund documents | Subsidiary of a financial company listed on the New York Stock Exchange specialising in providing asset management services | 5,519 | 2010 | 5.5 |
| Customer B | Results announcements and financial reports; company announcements and shareholder circulars; and debt offering circulars and IPO prospectuses | A listed company in Hong Kong specialising in the assembly, packaging and sales of self-manufactured discrete semiconductors, and trading of semiconductors sourced from third-party suppliers | 3,202 | 2015 | 3.2 |
| Customer C | Results announcements and financial reports; company announcements and shareholder circulars; and debt offering circulars and IPO prospectuses | A listed company in Hong Kong specialising in bentonite mining, production and sales of drilling mud and pelletising clay in the PRC | 2,893 | 2015 | 2.9 |
| Customer D | Results announcements and financial reports; company announcements and shareholder circulars; and others | A listed company in Hong Kong specialising in shipbuilding, ship repairing and manufacturing of steel structure, and the trading of commodities in the PRC | 2,005 | 2013 | 2.0 |
| Customer E | Results announcements and financial reports; and company announcements and shareholder circulars | A listed company in Hong Kong specialising in leasing of commercial properties in the PRC | 1,149 | 2015 | 1.2 |
| Total | | | 14,768 | | 14.8 |

For the year ended 31 March 2017

| Customers | Product segments | Nature of business | Revenue generated HK\$'000 | Year in which business relationship began | % of total revenue % |
|--------------|---|--|-------------------------------|--|----------------------------|
| Customer A | Fund documents; and others | Subsidiary of a financial company listed on the New York Stock Exchange specialising in providing asset management services | 4,574 | 2010 | 3.5 |
| Customer F | Results announcements and financial reports; and company announcements and shareholder circulars | A listed company in Hong Kong specialising in investment and asset management, financial services and other business | 2,745 | 2016 | 2.1 |
| Customer G | Results announcements and financial reports; company announcements and shareholder circulars; and others | A listed company in Hong Kong specialising in property, tourism, investment and financial services, healthcare and education and new energy businesses worldwide | 2,701 | 2016 | 2.1 |
| Customer H | Company announcements and shareholder circulars; debt offering circulars and IPO prospectuses; and others | A listed company in Hong Kong specialising in providing foundation services in Hong Kong and Macau | 2,300 | 2016 | 1.8 |
| Customer I | Debt offering circulars and IPO prospectuses | A listed company in Hong Kong specialising in installation and maintenance of security, management, telecommunication and broadcasting services systems in Hong Kong | 2,000 | 2016 | 1.6 |
| Total | | | 14,320 | | 11.1 |

For the year ended 31 March 2018

| Customers | Product segments | Nature of business | Revenue generated HK\$'000 | Year in which business relationship began | % of total revenue % |
|---|--|---|-------------------------------|--|----------------------------|
| Customer A | Fund documents | Subsidiary of a financial company listed on the New York Stock Exchange specialising in providing asset management services | 4,075 | 2010 | 2.5 |
| Customer J | Results announcements and financial reports; and company announcements and shareholder circulars | A listed company in Hong Kong specialising in the manufacture and distribution of cement, clinker, concrete and other cement related products | 3,315 | 2010 | 2.0 |
| Customer K | Results announcements and financial reports; company announcements and shareholder circulars; debt offering circulars and IPO prospectuses; and others | A listed company in Hong Kong specialising in providing road construction services in Singapore | 2,882 | 2017 | 1.8 |
| ST International Holdings Company Limited | Debt offering circulars and IPO prospectuses | A listed company in Hong Kong specialising in the sales of functional knitted fabrics and apparel in the PRC | 2,044 | 2017 | 1.2 |
| Customer M | Debt offering circulars and IPO prospectuses | A listed company in Hong Kong specialising in radiation shielding construction work in Singapore | 1,998 | 2017 | 1.2 |
| Total | | | 14,314 | | 8.7 |

For the six months ended 30 September 2018

| Customers | Product segments | Nature of business | Revenue generated HK\$'000 (Unaudited) | Year in which business relationship began | % of total revenue % |
|---|--|--|--|--|----------------------------|
| Customer N | Debt offering circulars and IPO prospectuses | A listed company in Hong Kong specialising in conducting wholesale and retail sales of pre-paid products in Hong Kong | 2,845 | 2016 | 3.2 |
| ST International Holdings Company Limited | Results announcements and financial reports; and debt offering circulars and IPO prospectuses | A listed company in Hong Kong specialising in the sales of functional knitted fabrics and apparel in the PRC | 1,558 | 2017 | 1.8 |
| Customer O | Results announcements and financial reports; company announcements and shareholder circulars; and debt offering circulars and IPO prospectuses | A listed company in Hong Kong specialising in property development, property investment, property management and hotel operations in Hong Kong and the PRC | 1,116 | 2012 | 1.3 |
| Customer P | Debt offering circulars and IPO prospectuses | A private company in Hong Kong specialising in designing and manufacturing medical devices for treating vascular diseases | 1,092 | 2017 | 1.2 |
| Customer Q | Results announcements and financial reports; and company announcements and shareholder circulars | A listed company in Hong Kong specialising in the production and sale of advanced driving assistance system products and other automotive components, car-carried purifiers, car trading and provision of financing service for leasing motor vehicles and equipment | 983 | 2014 | 1.1 |
| Total | | | 7,594 | | 8.6 |

Vendors

The Group engaged third party service providers for the printing, binding and delivery services of the business of the Group for higher operational efficiency and capital saving purposes and did not has its own setting up of printing factories. In general, printing service providers are also responsible for delivery services. In addition, depending on the availability of its internal resources, the Group may engage other vendors in providing translation services. For each of the three years ended 31 March 2018 and the six months ended 30 September 2018, the relevant cost of services attributable to the Group's largest vendor amounted to approximately HK\$5.2 million, HK\$5.2 million, HK\$9.6 million and HK\$6.5 million, respectively, representing approximately 10.8%, 8.8%, 12.8% and 17.2% of the Group's total cost of services, respectively, while the relevant cost of services attributable to the Group's five largest vendors amounted to approximately HK\$18.3 million, HK\$19.9 million, HK\$24.1 million and HK\$16.8 million, respectively, representing approximately 38.3%, 33.4%, 32.2% and 44.2% of the Group's total cost of services, respectively.

Set out below are the details of the five largest vendors of the Group and their background information during the Track Record Period:

For the year ended 31 March 2016

| Vendors | Service type | Nature of Business | Transaction amount HK\$'000 | Year in which business relationship began | % of total cost of services % |
|----------------------------------|--------------|---|--------------------------------|--|-------------------------------------|
| Vendor A | Printing | A private company in Hong Kong specialising in providing printing services | 5,180 | 2012 | 10.8 |
| Supreme Bond Group <i>(Note)</i> | Translation | A group of private companies in Hong Kong and the PRC specialising in providing translation services | 4,652 | 2006 | 9.7 |
| Vendor C | Translation | A private company in the PRC specialising in providing financial, business and legal translation services | 3,727 | 2014 | 7.8 |
| Vendor D | Printing | A private company in Hong Kong specialising in providing printing services | 2,609 | 2002 | 5.5 |
| Vendor E | Printing | A private company in Hong Kong specialising in providing printing services | 2,170 | 2012 | 4.5 |
| Total | | | <u>18,338</u> | | <u>38.3</u> |

Note: Please refer to the section headed “Discontinued Continuing Connected Transactions” in this announcement.

For the year ended 31 March 2017

| Vendors | Service type | Nature of Business | Transaction amount HK\$'000 | Year in which business relationship began | % of total cost of services % |
|------------------------------------|--------------|---|--------------------------------|--|-------------------------------------|
| Supreme Bond Group <i>(Note 1)</i> | Translation | A group of private companies in Hong Kong and the PRC specialising in providing translation services | 5,212 | 2006 | 8.8 |
| Vendor F <i>(Note 2)</i> | Translation | A group of private companies in Hong Kong specialising in providing translation services | 5,134 | 2007 | 8.6 |
| Vendor A | Printing | A private company in Hong Kong specialising in providing printing services | 4,239 | 2012 | 7.1 |
| Vendor C | Translation | A private company in the PRC specialising in providing financial, business and legal translation services | 2,672 | 2014 | 4.5 |
| Vendor E | Printing | A private company in Hong Kong specialising in providing printing services | 2,635 | 2012 | 4.4 |
| Total | | | 19,892 | | 33.4 |

Notes:

1. Please refer to the section headed “Discontinued Continuing Connected Transactions” in this announcement.
2. Vendor F comprises two companies which are owned by the same beneficial owner. The transaction amount and the percentage of total cost of services of the Group attributable to Vendor F are presented on a group basis for the purpose of this announcement.

For the year ended 31 March 2018

| Vendors | Service type | Nature of Business | Transaction amount HK\$'000 | Year in which business relationship began | % of total cost of services % |
|--|--------------|--|--------------------------------|--|-------------------------------------|
| Vendor F ^(Note 1) | Translation | A group of private companies in Hong Kong specialising in providing translation services | 9,569 | 2007 | 12.8 |
| Vendor A | Printing | A private company in Hong Kong specialising in providing printing services | 4,192 | 2012 | 5.6 |
| Vendor E | Printing | A private company in Hong Kong specialising in providing printing services | 3,961 | 2012 | 5.3 |
| Vendor G | Translation | A private company in Hong Kong specialising in providing translation services | 3,301 | 2016 | 4.4 |
| Supreme Bond Group ^(Note 2) | Translation | A group of private companies in Hong Kong and the PRC specialising in providing translation services | 3,086 | 2006 | 4.1 |
| Total | | | 24,109 | | 32.2 |

Notes:

- Vendor F comprises two companies which are owned by the same beneficial owner. The transaction amount and the percentage of total cost of services of the Group attributable to Vendor F are presented on a group basis for the purpose of this announcement.
- Please refer to the section headed “Discontinued Continuing Connected Transactions” in this announcement.

For the six months ended 30 September 2018

| Vendors | Service type | Nature of Business | Transaction amount HK\$'000 (Unaudited) | Year in which business relationship began | % of total cost of services % |
|----------------------------|--------------|---|---|--|-------------------------------------|
| Vendor F ^(Note) | Translation | A group of private companies in Hong Kong specialising in providing translation services | 6,530 | 2007 | 17.2 |
| Vendor E | Printing | A private company in Hong Kong specialising in providing printing services | 2,964 | 2012 | 7.8 |
| Vendor C | Translation | A private company in the PRC specialising in providing financial, business and legal translation services | 2,734 | 2014 | 7.2 |
| Vendor A | Printing | A private company in Hong Kong specialising in providing printing services | 2,445 | 2012 | 6.5 |
| Vendor D | Printing | A private company in Hong Kong specialising in providing printing services | 2,102 | 2002 | 5.5 |
| Total | | | 16,775 | | 44.2 |

Note: Vendor F comprises two companies which are owned by the same beneficial owner. The transaction amount and the percentage of total cost of services of the Group attributable to Vendor F are presented on a group basis for the purpose of this announcement.

BUSINESS OUTLOOK AND RECENT DEVELOPMENT

For the three years ended 31 March 2018 and for the period from 1 April 2018 up to the Latest Practicable Date, the Group had been awarded with 6,050, 6,971, 7,443 and 5,369 projects, respectively. For the three years ended 31 March 2018 and for the period from 1 April 2018 up to the Latest Practicable Date, the Group completed 6,255, 6,987, 7,646 and 5,539 projects, respectively. As at the Latest Practicable Date, the Group had 479 projects on hand with an aggregate contract sum of approximately HK\$32.7 million, among which approximately HK\$12.9 million and approximately HK\$19.9 million is expected to be recognised as revenue after the Latest Practicable Date up to 31 March 2019 and during the year ending 31 March 2020, respectively.

Looking forward, challenges remain amid the uncertainties in the global economy and financial market, as well as the changes in the regulatory regime of listed companies in Hong Kong. However, the Group is confident in the future about the financial printing service industry in Hong Kong. In particular, based on its service capacity and industry experience, the Group is committed to expand its customer base of companies listed on the Stock Exchange and further penetrate into the market of debt offering circulars and IPO prospectuses, while upholding the quality and standard of its services in catering to the customers' needs, as well as focusing on cost control.

In addition, the Group will continue its focus on providing financial printing services to customers on continuous listing compliance documents while placing increasing efforts on exploring the market of debt offering circulars and IPO prospectuses. The Group generated approximately 6.3%, 13.2%, 17.9% and 17.1% of its revenue from debt offering circulars and IPO prospectuses for each of the three years ended 31 March 2018 and the six months ended 30 September 2018, respectively. Based on the information published by the Stock Exchange, the number of newly listed companies has increased from 126 in the year of 2016 to 174 in the year of 2017, whereas the number of listing application has increased from 275 in the year of 2016 to 310 in the year of 2017. In light of the increase in the number of companies listed on the Stock Exchange and the number of applicants applying for listing on the Stock Exchange, the Directors expect that the demand for financial printing services in relation to Listing Rules compliance related documents, debt offer circulars and IPO prospectuses will continue to increase in the coming years. The Directors consider that the market demand for financial printing services in relation to debt offering circulars and IPO prospectuses will be dependent on the sentiment of the Hong Kong stock market and the Hong Kong financial markets, both of which are having a positive outlook.

The Group will continue to adhere to its business strategy and target to expand its customer base of companies listed on the Stock Exchange and further penetrate the market of debt offering circulars and IPO prospectuses through developing its business relationships with intermediaries and leveraging on its listing status and competitive advantages. In particular, the Group has planned to (i) actively maintain business relationships with intermediaries such as financial institutions and law firms by having regular meetings with their representatives so as to obtain feedbacks on its service quality and to keep itself abreast of the needs and preferences of the intermediaries; (ii) organise and participating in marketing events in relation to fund-raising activities in Hong Kong with focus on the debt offering and IPO segments; and (iii) send promotional booklets and other materials to intermediaries and potential customers advertising the Group's services. As the Group has expanded its services capacity by utilising the net proceeds from the GEM Listing, the Directors believe that the Group is well-positioned to secure more debt offering circulars and IPO prospectuses engagements which may arise from the expected growth in the financial industry in Hong Kong in the foreseeable future.

MATERIAL RISKS ASSOCIATED WITH THE GROUP'S BUSINESS

The Group's profitability may be adversely affected by the intense competition in the financial printing industry in Hong Kong

The Group competes with other financial printing service providers for a limited number of listed companies which form the Group's main customer base. As at 30 November 2018, there were 2,294 companies listed on the Stock Exchange. As such, the Directors are of the view that competition in the financial printing industry is intense, in particular the price competition among financial printing service providers. As competition intensifies, the Group may have to lower prices charged to customers, which will, in turn, affect the Group's profitability and hence its financial performance.

Based on the Directors' experience in the financial printing industry in Hong Kong, it is not the general industry practice for customers to enter into long-term contracts with financial printing service providers. As such, the Group cannot ensure to retain its customers, given the intense competition in the financial printing industry in Hong Kong. Furthermore, the Group may not be able to maintain or sufficiently increase its competitiveness within the financial printing industry in Hong Kong, which may result in a loss of market share as well as a decrease in profitability. Consequently, there may be material adverse effects on the Group's financial performance.

The Group's sales with its customers are mainly concluded on a project-by-project basis, and the Group may not be able to maintain its relationship with its existing customers or attract new customers, which in turn may cause fluctuation in the Group's revenue from time to time

The Group normally does not have any long-term contracts with its customers and transactions with its customers are mainly on a project-by-project basis. There is no assurance that any of the Group's existing customers will continue their business relationship with the Group. The Group may not be able to attract new customers and enlarge its customer base or may even lose existing customers to its competitors given the intense competition in the financial printing industry. Therefore, the Group's results of operations may fluctuate significantly from time to time.

The Group engages service providers for printing and translation works and their failure to meet the Group's requirements may materially and adversely affect the Group's business and reputation

During the Track Record Period, the Group engaged service providers for printing works for, among others, higher operational efficiency and capital saving purpose. Depending on the availability of its internal resources, the Group also engaged service providers for part of its translation works during the Track Record Period. There is no guarantee that the Group will be able to monitor or manage such service providers' quality and timeliness as directly and effectively as its own personnel. Such service providers may fail to meet the Group's requirements such as printing or translation schedules, the quality of printing or the accuracy of translation works. As the Group operates in a time-sensitive industry, any failure by printing and translation service providers to meet its requirements may materially and adversely affect its business and reputation.

The stability and expansion of the Group's operations may be adversely affected by difficulties in recruiting and retaining experienced staff, and increasing staff costs

As the Group operates in a highly competitive industry, in particular, the intense competition for experienced staff, the Directors are of the view that the ability to recruit and retain experienced staff is crucial to the stability and expansion of the Group's operations. The Group may not be able to always offer competitive remuneration packages and recruit and retain staff at commercially reasonable levels. In addition, the Group's business requires shift-duty staff, which are difficult to recruit as well as to retain. Any failure to recruit and retain staff may result in a shortage of staff, which may cause the Group's operations to be delayed and/or the quality of its services to be affected. This may materially and adversely affect the Group's operations, reputation and financial performance.

The Group's financial performance may also be adversely affected by the increasing staff costs in Hong Kong. Due to the intense competition for experienced staff, staff costs may continue to increase as other financial printing service providers may compete for the same pool of experienced staff. In the event that the Group is unable to pass on increased costs to the Group's customers, any significant increase in staff costs may materially and adversely affect the Group's financial performance.

Susceptibility to regulation changes on companies listed on the Stock Exchange

Listed companies and companies seeking listing on the Stock Exchange, in accordance with relevant requirements of the Stock Exchange, are required to publish, where relevant, results announcements and financial reports periodically, announcements, shareholder circulars, debt offering circulars and IPO prospectuses when conducting certain corporate actions. For each of the three years ended 31 March 2018 and the six months ended 30 September 2018, revenue generated from results announcements and financial reports amounted to approximately HK\$40.7 million, HK\$51.0 million, HK\$73.1 million and HK\$41.5 million, respectively, represented approximately 40.8%, 39.6%, 44.5% and 47.0% of the Group's total revenue, respectively. As the majority of the Group's customers are companies listed on the Stock Exchange, the Group may be susceptible to any changes in rules and regulations in relation to the publication requirements of the abovementioned documents.

These may include changes that may reduce market demand for printed documents or financial printing services such as (i) relaxations on rules requiring the publication of shareholder circulars; (ii) changes in legal requirements for distribution of summary financial reports instead of full annual reports; (iii) distribution of financial reports by electronic means instead of printed copies; (iv) dissemination of corporate information to shareholders of listed companies using electronic means and in electronic format or via the Exchange's website instead of printed form or publishing paid announcements in newspapers; and (v) the use of mixed media offers in a public offer without being accompanied by printed listing documents. Such changes are beyond the Group's control and any further amendments to the existing laws and regulations governing companies listed on the Stock Exchange, if introduced, on the methods of disseminating corporate information to the public, may affect the demand of printed documents, and hence, may significantly affect the Group's business and prospects in future.

The Group may face liabilities arising from errors in typesetting and/or translation

As the daily operations of the Group involve the handling of inside information of listed companies and IPO applicants, it may be exposed to potential liabilities arising from inadvertent errors involving typesetting and/or translation. These inadvertent errors may result in material misstatements to be made in, among others, financial reports, announcements, shareholder circulars, debt offering circulars, IPO prospectuses and fund documents, which in turn may create a false market to the securities of such listed companies. In the event of such inadvertent errors, the Group may be susceptible to liabilities, such as complaints, claims or legal actions which may damage its reputation and have adverse effects to the Group's financial position.

The Group's business may be adversely affected by the deficiency of its information technology system

The Group's daily operations involve, among others, electronically (i) receiving draft documents from customers; (ii) reverting amended documents to its customers; and (iii) submit the published versions of the documents for publication on the Exchange's website via the Internet. As such, any interruptions to the Group's Internet connection, such as Internet or router breakdown, will cause disruptions to its operations. As the Group routinely handles confidential and/or inside information, it relies on the integrity of its information technology system to ensure the confidentiality of such information is preserved. Despite precautions which the Group may take, its servers may be vulnerable to hacking, computer vandalism and other forms of data theft which may lead to the leakage of confidential information to unauthorised third parties. Such vulnerability may occur in the event of any malfunctions in relation to the Group's network security, such as a firewall breakdown. In the event of such failures, the Group may be susceptible to liabilities, such as complaints, claims or legal actions which may damage its reputation and potentially, in turn, its financial position.

The Group's daily operations involve the handling of data which are kept on its server. As such, the Group will face disruptions in its daily operations in the event of a server failure which leads to any loss of data. As the Group operates in a time-sensitive industry, any delays or disruptions in its operations may affect customers' confidence in the Group and may in turn affect its financial performance.

General slowdown in Hong Kong economic growth and financial markets

As the Group's business and operations are based in Hong Kong, its business growth is primarily dependent upon the positive environment of the Hong Kong stock market and the Hong Kong financial markets as a whole. The Hong Kong financial markets are directly affected by, among others, the global and local political and economic environments, such as uncertainties about the trade dispute between China and the United States of America.

Any sudden downturn in the global economic and political environments including, among others, the outcome of the ongoing trade negotiations, which are beyond the Group's control, may adversely affect the financial market sentiment in general. Severe fluctuations in market and economic sentiments may also lead to a prolonged period of sluggish market activities, which would in turn lead to a reduction in fund raising and corporate activities. Such an unfavourable economic environment may deter fund raising exercises and other transactions by listed companies in Hong Kong and reduce the number of documents required to be published, which in turn will have adverse impact on the Group's business and operating performance. As such, the Group's revenue and profitability may fluctuate and there is no assurance that the Group will be able to maintain its historical financial performance in times of difficult or unstable economic conditions. Historical levels of the Group's profit should not be relied on as an indication of its future financial performance.

LITIGATION AND LEGAL COMPLIANCE

As at the Latest Practicable Date, save for the legal proceedings brought by the Group against a customer to recover outstanding payment of services, no litigation or claims of material importance were ongoing, pending or threatened against any member of the Group.

The Directors confirm that there is no specific licensing requirement for conducting the Group's business in Hong Kong except for those which are applicable to all body corporate conducting business in Hong Kong. Since GEM Listing and up to the Latest Practicable Date, the Group (i) had complied with laws and regulations in all material aspects for its business; and (ii) had not been subject to any disciplinary action or investigation by regulators in respect of serious or potentially serious breach of any GEM Listing Rules.

SUMMARY OF THE GROUP'S FINANCIAL PERFORMANCE

Summary of the consolidated statement of profit or loss and other comprehensive income of the Group

| | Year ended 31 March | | | Six months ended 30 September | |
|--|---|---|---|---|---|
| | 2016 <i>HK\$'000</i> <i>(Audited)</i> | 2017 <i>HK\$'000</i> <i>(Audited)</i> | 2018 <i>HK\$'000</i> <i>(Audited)</i> | 2017 <i>HK\$'000</i> <i>(Unaudited)</i> | 2018 <i>HK\$'000</i> <i>(Unaudited)</i> |
| Revenue | 99,762 | 128,860 | 164,370 | 87,311 | 88,266 |
| Cost of services | <u>(47,748)</u> | <u>(59,506)</u> | <u>(74,716)</u> | <u>(39,393)</u> | <u>(37,896)</u> |
| Gross profit | 52,014 | 69,354 | 89,654 | 47,918 | 50,370 |
| Other income | 1,007 | 3 | 2,103 | 807 | 613 |
| Selling and distribution expenses | (9,120) | (12,792) | (16,714) | (8,079) | (6,899) |
| Administrative expenses | <u>(25,869)</u> | <u>(23,553)</u> | <u>(26,400)</u> | <u>(14,798)</u> | <u>(16,926)</u> |
| Profit before tax | 18,032 | 33,012 | 48,643 | 25,848 | 27,158 |
| Income tax expense | <u>(4,646)</u> | <u>(5,408)</u> | <u>(7,955)</u> | <u>(4,265)</u> | <u>(4,316)</u> |
| Profit and total comprehensive income attributable to the owners of the Company | <u>13,386</u> | <u>27,604</u> | <u>40,688</u> | <u>21,583</u> | <u>22,842</u> |
| | <i>HK cents</i> | <i>HK cents</i> | <i>HK cents</i> | <i>HK cents</i> | <i>HK cents</i> |
| Basic and diluted earnings per share | <u>5.29</u> | <u>6.99</u> | <u>10.17</u> | <u>5.40</u> | <u>5.71</u> |

Revenue

The Group's revenue was principally derived from the provision of financial printing services to its customers. Revenue from provision of financial printing services during the Track Record Period is recognised when (i) the services are provided and the transactions can be measured reliably; (ii) it is probable that the economic benefits associated with the transaction will flow to the Group; and (iii) the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from service contract is recognised based on the stage of completion of the contracts. The recognition of revenue on this basis provides information on the extent of service activities and performance at the end of the reporting period as considerable portion of financial printing services are spanned for months and sometimes across different reporting periods.

All of the Group's revenue recognised during the three years ended 31 March 2018 were derived from Hong Kong. During the three years ended 31 March 2018, the Group's revenue was primarily derived from five major product segments, namely: (i) results announcements and financial reports, which amounted to approximately HK\$40.7 million, HK\$51.0 million and HK\$73.1 million, respectively, representing approximately 40.8%, 39.6% and 44.5% of the Group's total revenue, respectively; (ii) company announcements and shareholder circulars, which amounted to approximately HK\$42.2 million, HK\$47.7 million and HK\$48.4 million, respectively, representing approximately 42.3%, 37.0% and 29.4% of the Group's total revenue, respectively; (iii) debt offering circulars and IPO prospectuses, which amounted to approximately HK\$6.3 million, HK\$17.1 million and HK\$29.5 million, respectively, representing approximately 6.3%, 13.2% and 17.9% of the Group's total revenue, respectively; (iv) fund documents, which amounted to approximately HK\$5.5 million, HK\$4.3 million and HK\$4.1 million, respectively, representing approximately 5.5%, 3.3% and 2.5% of the Group's total revenue, respectively; and (v) others, which amounted to approximately HK\$5.0 million, HK\$8.8 million and HK\$9.4 million, respectively, representing approximately 5.1%, 6.9% and 5.7% of the Group's total revenue, respectively.

For the six months ended 30 September 2017 and 2018, the Group's revenue amounted to approximately HK\$87.3 million and HK\$88.3 million, respectively. For further analysis on revenue for the six months ended 30 September 2017 and 2018, please refer to the section headed "Management discussions and analysis" below.

Cost of services

The Group's cost of services consisted of (i) translation costs; (ii) printing costs; (iii) staff costs; and (iv) others. The following table sets forth a breakdown of the Group's cost of services during the Track Record Period and six months ended 30 September 2017:

| | Year ended 31 March | | | Six months ended 30 September | |
|-------------------|---------------------|---------------|---------------|----------------------------------|---------------|
| | 2016 | 2017 | 2018 | 2017 | 2018 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Audited) | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| Translation costs | 15,136 | 19,627 | 25,181 | 12,924 | 12,237 |
| Printing costs | 14,474 | 17,270 | 20,849 | 12,366 | 11,539 |
| Staff costs | 15,904 | 20,442 | 25,771 | 11,350 | 11,713 |
| Others | <u>2,234</u> | <u>2,167</u> | <u>2,915</u> | <u>2,753</u> | <u>2,407</u> |
| | <u>47,748</u> | <u>59,506</u> | <u>74,716</u> | <u>39,393</u> | <u>37,896</u> |

Gross profit and gross profit margin

For the three years ended 31 March 2018, the Group's gross profit amounted to approximately HK\$52.0 million, HK\$69.4 million and HK\$89.7 million, respectively, and the Group's gross profit margin was approximately 52.1%, 53.8% and 54.5%, respectively. The increase of the Group's gross profit during the three years ended 31 March 2018 were primarily attributable to increase in revenue. The Group's gross profit margin was relatively stable during the three years ended 31 March 2018.

The Group's gross profit slightly increased by approximately HK\$2.5 million or 5.1% from approximately HK\$47.9 million for the six months ended 30 September 2017 to approximately HK\$50.4 million for the six months ended 30 September 2018. The gross profit margin increased from approximately 54.9% for the six months ended 30 September 2017 to approximately 57.1% for the six months ended 30 September 2018.

Other income

Other income of the Group primarily consisted of bank interest income, exchange difference, management fee income, reversal of impairment loss of trade receivables and others during the Track Record Period and six months ended 30 September 2017, a breakdown of which is set forth below:

| | Year ended 31 March | | | Six months ended 30 September | |
|--|-------------------------------|-------------------------------|-------------------------------|----------------------------------|---------------------------------|
| | 2016 HK\$'000 (Audited) | 2017 HK\$'000 (Audited) | 2018 HK\$'000 (Audited) | 2017 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| Bank interest income | 1 | 2 | 3 | 1 | 2 |
| Exchange difference | – | – | 116 | – | – |
| Management fee income | 948 | – | – | – | – |
| Reversal of impairment loss of trade receivables | 58 | 1 | 1,853 | 806 | 593 |
| Others | – | – | 131 | – | 18 |
| | <u>1,007</u> | <u>3</u> | <u>2,103</u> | <u>807</u> | <u>613</u> |

For the year ended 31 March 2016, other income primarily consisted of management fee income of approximately HK\$0.9 million. For the year ended 31 March 2017, other income primarily consisted of bank interest income of approximately HK\$2,000. For the year ended 31 March 2018, other income primarily consisted of reversal of impairment loss of trade receivables of approximately HK\$1.9 million.

For the six months ended 30 September 2017 and 2018, the Group's other income amounted to approximately HK\$807,000 and HK\$613,000, respectively.

Selling and distribution expenses

During the Track Record Period and six months ended 30 September 2017, selling and distribution expenses of the Group primarily consisted of staff costs, entertainment expenses and transportation expenses:

| | Year ended 31 March | | | Six months ended 30 September | |
|-------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|---------------------------------|
| | 2016 HK\$'000 (Audited) | 2017 HK\$'000 (Audited) | 2018 HK\$'000 (Audited) | 2017 HK\$'000 (Unaudited) | 2018 HK\$'000 (Unaudited) |
| Staff costs | 6,113 | 8,668 | 11,376 | 5,906 | 4,658 |
| Entertainment expenses | 2,857 | 3,944 | 5,240 | 2,126 | 2,151 |
| Transportation expenses | 150 | 180 | 98 | 47 | 90 |
| | <u>9,120</u> | <u>12,792</u> | <u>16,714</u> | <u>8,079</u> | <u>6,899</u> |

Selling and distribution expenses amounted to approximately HK\$9.1 million, HK\$12.8 million and HK\$16.7 million for the three years ended 31 March 2018, respectively, which accounted for approximately 9.1%, 9.9% and 10.2% of the Group's total revenue during the respective year.

For the six months ended 30 September 2017 and 2018, the Group's selling and distribution expenses amounted to approximately HK\$8.1 million and HK\$6.9 million, respectively.

Administrative expenses

During the Track Record Period and six months ended 30 September 2017, administrative expenses primarily consisted of staff costs, depreciation, rent and rates, impairment loss of trade receivables and listing expenses:

| | Year ended 31 March | | | Six months ended | |
|--------------------------------------|---------------------|---------------|---------------|------------------|---------------|
| | 2016 | 2017 | 2018 | 30 September | 2018 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Audited) | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| Staff costs | 8,413 | 11,185 | 11,309 | 6,564 | 6,047 |
| Depreciation | 1,322 | 1,569 | 3,582 | 1,465 | 2,072 |
| Impairment loss of trade receivables | 454 | 2,151 | 1,679 | – | 411 |
| Rent and rates | 2,734 | 3,791 | 4,189 | 2,092 | 2,265 |
| Listing expenses | 10,209 | – | – | – | – |
| Office expenses | 1,244 | 1,816 | 2,579 | 1,949 | 1,187 |
| Legal and professional fees | 900 | 2,386 | 2,323 | 1,952 | 4,458 |
| Others | 593 | 655 | 739 | 776 | 486 |
| | <u>25,869</u> | <u>23,553</u> | <u>26,400</u> | <u>14,798</u> | <u>16,926</u> |

Administrative expenses amounted to approximately HK\$25.9 million, HK\$23.6 million and HK\$26.4 million for the three years ended 31 March 2018, respectively, which accounted for approximately 25.9%, 18.3% and 16.1% of the Group's total revenue during the respective year.

For the six months ended 30 September 2017 and 2018, the Group's administrative expenses amounted to approximately HK\$14.8 million and HK\$16.9 million, respectively.

MANAGEMENT DISCUSSIONS AND ANALYSIS

Revenue

The Group's revenue amounted to approximately HK\$99.8 million, HK\$128.9 million and HK\$164.4 million for the year ended 31 March 2016, 2017 and 2018, respectively.

For the six months ended 30 September 2017 and 2018, the Group's revenue amounted to approximately HK\$87.3 million and HK\$88.3 million, respectively.

The majority of the Group's customers are companies seeking listing or already listed on the Stock Exchange, which contributed approximately 94.9%, 93.1% and 94.3% of the Group's total revenue during the three years ended 31 March 2016, 2017 and 2018, respectively, while these companies also contributed approximately 85.2% and 78.5% of the Group's total revenue for the six months ended 30 September 2017 and 2018, respectively. This is largely attributable to the fact that such customers are subject to compliance requirements of the Stock Exchange and/or Securities and Future Commission for the publication of, among others, results announcements and financial reports periodically, announcements, circulars, debt offering circulars and prospectuses when applicable.

The following table illustrates the revenue of the Group by its product segments during the Track Record Period and six months ended 30 September 2017.

| | Year ended 31 March | | | | | | Six months ended 30 September | | | |
|---|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|-------------------------------|--------------|-------------------------|--------------|
| | 2016 | | 2017 | | 2018 | | 2017 | | 2018 | |
| | HK\$'000 (Audited) | % | HK\$'000 (Audited) | % | HK\$'000 (Audited) | % | HK\$'000 (Unaudited) | % | HK\$'000 (Unaudited) | % |
| Results announcements and financial reports | 40,739 | 40.8 | 50,966 | 39.6 | 73,085 | 44.5 | 44,120 | 50.5 | 41,476 | 47.0 |
| Company announcements and shareholder circulars | 42,198 | 42.3 | 47,728 | 37.0 | 48,387 | 29.4 | 25,993 | 29.8 | 27,186 | 30.8 |
| Debt offering circulars and IPO prospectuses | 6,264 | 6.3 | 17,061 | 13.2 | 29,454 | 17.9 | 10,711 | 12.3 | 15,064 | 17.1 |
| Fund documents | 5,518 | 5.5 | 4,271 | 3.3 | 4,078 | 2.5 | 1,591 | 1.8 | 774 | 0.9 |
| Others | 5,043 | 5.1 | 8,834 | 6.9 | 9,366 | 5.7 | 4,896 | 5.6 | 3,766 | 4.2 |
| | <u>99,762</u> | <u>100.0</u> | <u>128,860</u> | <u>100.0</u> | <u>164,370</u> | <u>100.0</u> | <u>87,311</u> | <u>100.0</u> | <u>88,266</u> | <u>100.0</u> |

Year ended 31 March 2017 compared with year ended 31 March 2016

The Group's revenue increased from approximately HK\$99.8 million for the year ended 31 March 2016 to approximately HK\$128.9 million for the year ended 31 March 2017, representing a year-on-year increase of approximately HK\$29.1 million or approximately 29.2%.

The principal product segments of the Group during the Track Record Period are (i) results announcements and financial reports; (ii) company announcements and shareholder circulars; (iii) debt offering circulars and IPO prospectuses; (iv) fund documents; and (v) others. Further details on each of the product segments are set out below.

For the results announcements and financial reports segment, revenue increased by approximately 25.1% from approximately HK\$40.7 million for the year ended 31 March 2016 to approximately HK\$51.0 million for the year ended 31 March 2017. Such amounts represented approximately 40.8% and 39.6% of the Group's total revenue during the corresponding years, respectively. The increase in revenue generated from the results announcements and financial reports segment was primarily attributable to the increase in the Group's number of customers which are companies listed on the Stock Exchange.

For the company announcements and shareholder circulars segment, revenue increased by approximately 13.1% from approximately HK\$42.2 million for the year ended 31 March 2016 to approximately HK\$47.7 million for the year ended 31 March 2017. Such amounts represented approximately 42.3% and 37.0% of the Group's total revenue during the corresponding years, respectively. On the same basis as discussed above, since the majority of the Group's customers are companies listed on the Stock Exchange, and such customers are subject to compliance requirements of the Stock Exchange and/or the Securities and Future Commission for the publication of company announcements and shareholder circulars for certain corporate transactions, a substantial portion of the Group's revenue was generated from this segment. The increase in revenue generated from the company announcements and shareholder circulars segment was primarily attributable to the increase in the number of the Group's customers which are listed companies and the increase in relevant engagements related to these customers.

For the debt offering circulars and IPO prospectuses segment, revenue increased by approximately 172.4% from approximately HK\$6.3 million for the year ended 31 March 2016 to approximately HK\$17.1 million for the year ended 31 March 2017. The increase in revenue generated from this segment was mainly due to the fact that the Group was involved in comparatively more engagements for the financial printing of debt offering circulars and IPO prospectuses during the year ended 31 March 2017. During the year ended 31 March 2016, the Group was involved in the issuance of two debt offering circulars and two IPO prospectuses, respectively. During the year ended 31 March 2017, the Group was involved in the issuance of 77 debt offering circulars and three IPO prospectuses, respectively.

For the fund documents segment, the revenue decreased by approximately 22.6% from approximately HK\$5.5 million for the year ended 31 March 2016 to approximately HK\$4.3 million for the year ended 31 March 2017, which was primarily attributable to comparatively fewer engagements related to this segment.

Year ended 31 March 2018 compared with year ended 31 March 2017

The Group's revenue increased from approximately HK\$128.9 million for the year ended 31 March 2017 to approximately HK\$164.4 million for the year ended 31 March 2018, representing a year-on-year increase of approximately HK\$35.5 million or approximately 27.6%. Such increase was primarily attributable to the factors as set out below.

Revenue generated from the results announcements and financial reports segment increased by approximately 43.4% from approximately HK\$51.0 million for the year ended 31 March 2017 to approximately HK\$73.1 million for the year ended 31 March 2018. Such amounts represented approximately 39.6% and 44.5% of the Group's total revenue during the corresponding years, respectively. The increase in revenue generated from the results announcements and financial reports segment was primarily attributable to the increase in the Group's number of customers which are companies listed on the Stock Exchange.

For the company announcements and shareholder circulars segment, the revenue remained largely stable at approximately HK\$47.7 million for the year ended 31 March 2017 and approximately HK\$48.4 million for the year ended 31 March 2018. Such amounts represented approximately 37.0% and 29.4% of the Group's total revenue during the corresponding years, respectively. During each of the two years ended 31 March 2017 and 2018, majority of the revenue from this segment was derived from engagements involved the issuance of shareholder circulars, respectively.

For the debt offering circulars and IPO prospectuses segment, the revenue increased by approximately 72.6% from approximately HK\$17.1 million for the year ended 31 March 2017 to approximately HK\$29.5 million for the year ended 31 March 2018. The increase in revenue generated from this segment was mainly due to the fact that the Group was involved in comparatively more engagements for the financial printing of debt offering circulars and IPO prospectuses during the year ended 31 March 2018. During the year ended 31 March 2017, the Group was involved in the issuance of 77 debt offering circulars and three IPO prospectuses, respectively. During the year ended 31 March 2018, the Group was involved in the issuance of 110 debt offering circulars and three IPO prospectuses, respectively.

For the fund documents segment, the revenue remained largely stable at approximately HK\$4.3 million for the year ended 31 March 2017 and approximately HK\$4.1 million for the year ended 31 March 2018.

Six months ended 30 September 2018 compared with six months ended 30 September 2017

The Group's revenue slightly increased from approximately HK\$87.3 million for the six months ended 30 September 2017 to approximately HK\$88.3 million for the six months ended 30 September 2018, representing a period-on-period increase of approximately HK\$1.0 million or approximately 1.1%. Further analysis on each of the product segments are set out below.

Revenue generated from the results announcements and financial reports segment decreased by approximately 6.0% from approximately HK\$44.1 million for the six months ended 30 September 2017 to approximately HK\$41.5 million for the six months ended 30 September 2018. Such amounts represented approximately 50.5% and 47.0% of the Group's total revenue during the corresponding periods, respectively. It was noted that lunar new year vacation led to a slight decrease in revenue for the six months ended 30 September 2018, as certain customers engaged the Group to commence work on their results announcements and financial reports for the year ended 31 December 2016 after the lunar new year in 2017, i.e. around mid-February 2017, while similar work in 2018 commenced earlier around late-January 2018 in order to minimise impact of the relatively late lunar new year, being around mid of February 2018 given the fixed reporting deadline under the relevant Listing Rules. Therefore, the duration of such engagements in 2018 were longer with a comparatively larger portion of revenue being recognised during the three months ended 31 March 2018, being the fourth quarter of the year ended 31 March 2018. As a result, the revenue recognised during the six months ended 30 September 2018 decreased compared to that of the six months ended 30 September 2017.

For the company announcements and shareholder circulars segment, the revenue increased by approximately 4.6% from approximately HK\$26.0 million for the six months ended 30 September 2017 to approximately HK\$27.2 million for the six months ended 30 September 2018. Such amounts represented approximately 29.8% and 30.8% of the Group's total revenue during the corresponding periods, respectively. The increase in revenue generated from company announcements and shareholder circulars segment was primarily attributable to the increase in the number of the Group's customers which are listed companies and engaged the Group for the issuance of shareholder circulars.

For the debt offering circulars and IPO prospectuses segment, the revenue increased by approximately 40.6% from approximately HK\$10.7 million for the six months ended 30 September 2017 to approximately HK\$15.1 million for the six months ended 30 September 2018. The increase in revenue generated from debt offering circulars and IPO prospectuses segment was primarily attributable to the increase in number of successful debt offering and IPO projects handled by the Group during the six months ended 30 September 2018 compared to the six months ended 30 September 2017.

For the fund documents segment, the revenue decreased by approximately 51.4% from approximately HK\$1.6 million for the six months ended 30 September 2017 to approximately HK\$774,000 for the six months ended 30 September 2018. The decrease in revenue generated from fund documents segment was primarily attributable to the decrease in number of projects engaged.

Cost of services

The Group's cost of services consisted of (i) translation costs; (ii) printing costs; (iii) staff costs; and (iv) others. The following table sets forth a breakdown of the Group's cost of services during the Track Record Period and six months ended 30 September 2017.

| | 2016 | | Year ended 31 March | | | | Six months ended 30 September | | | |
|-------------------|-----------------------|--------------|-------------------------------|--------------|-------------------------------|--------------|---------------------------------|--------------|---------------------------------|--------------|
| | HK\$'000 (Audited) | % | 2017 HK\$'000 (Audited) | % | 2018 HK\$'000 (Audited) | % | 2017 HK\$'000 (Unaudited) | % | 2018 HK\$'000 (Unaudited) | % |
| Translation costs | 15,136 | 31.7 | 19,627 | 33.0 | 25,181 | 33.7 | 12,924 | 32.8 | 12,237 | 32.3 |
| Printing costs | 14,474 | 30.3 | 17,270 | 29.0 | 20,849 | 27.9 | 12,366 | 31.4 | 11,539 | 30.4 |
| Staff costs | 15,904 | 33.3 | 20,442 | 34.4 | 25,771 | 34.5 | 11,350 | 28.8 | 11,713 | 30.9 |
| Others | 2,234 | 4.7 | 2,167 | 3.6 | 2,915 | 3.9 | 2,753 | 7.0 | 2,407 | 6.4 |
| | <u>47,748</u> | <u>100.0</u> | <u>59,506</u> | <u>100.0</u> | <u>74,716</u> | <u>100.0</u> | <u>39,393</u> | <u>100.0</u> | <u>37,896</u> | <u>100.0</u> |

Year ended 31 March 2017 compared with year ended 31 March 2016

The Group's cost of services increased by approximately 24.6% from approximately HK\$47.7 million for the year ended 31 March 2016 to approximately HK\$59.5 million for the year ended 31 March 2017. The largest component of cost of services for the two years ended 31 March 2016 and 2017 was staff costs at approximately 33.3% and 34.4%, respectively. The increase in staff costs from approximately HK\$15.9 million for the year ended 31 March 2016 to approximately HK\$20.4 million for the year ended 31 March 2017 was mainly attributable to the increase in headcount and improved staff remuneration packages. On this basis, the Group's operations continued to rely significantly on its staff. The remaining cost of services was primarily related to translation costs and printing costs for each of the years ended 31 March 2016 and 2017, respectively. The increase in cost of service was largely in line with the increase in revenue.

Year ended 31 March 2018 compared with year ended 31 March 2017

The Group's cost of services increased by approximately 25.6% from approximately HK\$59.5 million for the year ended 31 March 2017 to approximately HK\$74.7 million for the year ended 31 March 2018. The largest component of cost of services for the two years ended 31 March 2017 and 2018 was staff costs at approximately 34.4% and 34.5%, respectively. The increase in staff costs from approximately HK\$20.4 million for the year ended 31 March 2017 to approximately HK\$25.8 million for the year ended 31 March 2018 was mainly attributable to the increase in headcount and improved staff remuneration packages. As the Group's business model remained largely unchanged during the Track Record Period, the Group's operations continued to rely significantly on its staff. The remaining cost of services was primarily related to translation costs and printing costs for each of the years ended 31 March 2017 and 2018, respectively. In general, the increase in cost of service was in line with the increase in revenue.

Six months ended 30 September 2018 compared with six months ended 30 September 2017

The Group's cost of services decreased by approximately 3.8% from approximately HK\$39.4 million for the six months ended 30 September 2017 to approximately HK\$37.9 million for the six months ended 30 September 2018. The largest component of cost of services for the six months ended 30 September 2017 and 2018 was translation costs at approximately 32.8% and 32.3%, respectively, as there were more IPO projects during the first half of the respective financial years, which incurred more translation costs. The decrease in cost of services was attributable to better cost control during the six months ended 30 September 2018.

Gross profit and gross profit margin

Year ended 31 March 2017 compared with year ended 31 March 2016

The Group's gross profit increased by approximately HK\$17.3 million or 33.3% from approximately HK\$52.0 million for the year ended 31 March 2016 to approximately HK\$69.4 million for the year ended 31 March 2017, which was mainly attributable to the increase in the Group's revenue, particularly from the results announcements and financial reports segment, company announcements and shareholder circulars segment attributable to a relatively higher number of projects handled by the Group, and debt offering circulars and IPO prospectuses segment attributable to the Group involved in higher number of debt offering circulars. The gross profit margin remained largely stable at approximately 52.1% for the year ended 31 March 2016 and approximately 53.8% for the year ended 31 March 2017.

Year ended 31 March 2018 compared with year ended 31 March 2017

The Group's gross profit increased by approximately HK\$20.3 million or 29.3% from approximately HK\$69.4 million for the year ended 31 March 2017 to approximately HK\$89.7 million for the year ended 31 March 2018, which was mainly attributable to the increase in revenue of the Group, particularly from the results announcements and financial reports segment, and debt offering circulars and IPO prospectuses segment attributable to the Group involved in higher number of issuance in this respect. The gross profit margin remained largely stable at approximately 53.8% for the year ended 31 March 2017 and approximately 54.5% for the year ended 31 March 2018.

Six months ended 30 September 2018 compared with six months ended 30 September 2017

The Group's gross profit increased by approximately HK\$2.5 million or 5.1% from approximately HK\$47.9 million for the six months ended 30 September 2017 to approximately HK\$50.4 million for the six months ended 30 September 2018, which was mainly attributable to the increase in revenue generated from company announcements and shareholder circulars segment and debt offering circulars and IPO prospectuses segment, but such was partly offset by the decrease in revenue generated from results announcements and financial reports segment, fund documents segment, and others segment. The gross profit margin increased from approximately 54.9% for the six months ended 30 September 2017 to approximately 57.1% for the six months ended 30 September 2018 was mainly attributable to better cost control during the period.

Other income

Year ended 31 March 2017 compared with year ended 31 March 2016

Other income decreased from approximately HK\$1.0 million for the year ended 31 March 2016 to approximately HK\$3,000 for the year ended 31 March 2017. Such decrease was mainly attributable to the absence of management fee income from API for the year ended 31 March 2017 (2016: approximately HK\$0.9 million) as the Group acquired the entire equity interest of API on 23 March 2016.

Year ended 31 March 2018 compared with year ended 31 March 2017

Other income increased from approximately HK\$3,000 for the year ended 31 March 2017 to approximately HK\$2.1 million for the year ended 31 March 2018. Such increase was mainly attributable to the Group recognised reversal of impairment loss of trade receivables of approximately HK\$1.9 million for the year ended 31 March 2018 due to subsequent settlement of certain overdue trade receivables as at 31 March 2017.

Six months ended 30 September 2018 compared with six months ended 30 September 2017

Other income decreased from approximately HK\$807,000 for the six months ended 30 September 2017 to approximately HK\$613,000 for the six months ended 30 September 2018. Such decrease was mainly attributable to the decrease in recovery of impairment loss for trade receivables from approximately HK\$806,000 for the six months ended 30 September 2017 to approximately HK\$593,000 for the six months ended 30 September 2018.

Selling and distribution expenses

During the Track Record Period and six months ended 30 September 2017, selling and distribution expenses of the Group primarily consisted of staff costs, entertainment expenses and transportation expenses.

| | 2016 | | Year ended 31 March | | | | Six months ended 30 September | | | |
|-------------------------|-----------------------|--------------|-------------------------------|--------------|-------------------------------|--------------|---------------------------------|--------------|---------------------------------|--------------|
| | HK\$'000 (Audited) | % | 2017 HK\$'000 (Audited) | % | 2018 HK\$'000 (Audited) | % | 2017 HK\$'000 (Unaudited) | % | 2018 HK\$'000 (Unaudited) | % |
| Staff costs | 6,113 | 67.0 | 8,668 | 67.8 | 11,376 | 68.1 | 5,906 | 73.1 | 4,658 | 67.5 |
| Entertainment expenses | 2,857 | 31.3 | 3,944 | 30.8 | 5,240 | 31.4 | 2,126 | 26.3 | 2,151 | 31.2 |
| Transportation expenses | 150 | 1.7 | 180 | 1.4 | 98 | 0.5 | 47 | 0.6 | 90 | 1.3 |
| | <u>9,120</u> | <u>100.0</u> | <u>12,792</u> | <u>100.0</u> | <u>16,714</u> | <u>100.0</u> | <u>8,079</u> | <u>100.0</u> | <u>6,899</u> | <u>100.0</u> |

Year ended 31 March 2017 compared with year ended 31 March 2016

Selling and distribution expenses increased from approximately HK\$9.1 million for the year ended 31 March 2016 to approximately HK\$12.8 million for the year ended 31 March 2017, which was primarily attributable to (i) the increase in staff costs of approximately HK\$2.6 million due to increase in headcount and staff remuneration; and (ii) the increase in entertainment expenses of approximately HK\$1.1 million attributable to relatively higher level of business activities.

Year ended 31 March 2018 compared with year ended 31 March 2017

Selling and distribution expenses increased from approximately HK\$12.8 million for the year ended 31 March 2017 to approximately HK\$16.7 million for the year ended 31 March 2018, which was primarily attributable to (i) the increase in staff costs of approximately HK\$2.7 million due to increase in headcount and staff remuneration; and (ii) the increase in entertainment expenses of approximately HK\$1.3 million driven by more sales and marketing activities.

Six months ended 30 September 2018 compared with six months ended 30 September 2017

Selling and distribution expenses decreased from approximately HK\$8.1 million for the six months ended 30 September 2017 to approximately HK\$6.9 million for the six months ended 30 September 2018, which was primarily attributable to the decrease in staff costs, mainly driven by the decrease in sales commission recorded in relation to sales and marketing staff.

Administrative expenses

| | 2016 | | Year ended 31 March | | | | Six months ended 30 September | | | |
|--------------------------------------|-----------------------|--------------|-------------------------------|--------------|-------------------------------|--------------|---------------------------------|--------------|---------------------------------|--------------|
| | HK\$'000 (Audited) | % | 2017 HK\$'000 (Audited) | % | 2018 HK\$'000 (Audited) | % | 2017 HK\$'000 (Unaudited) | % | 2018 HK\$'000 (Unaudited) | % |
| Staff costs | 8,413 | 32.5 | 11,185 | 47.5 | 11,309 | 42.8 | 6,564 | 44.4 | 6,047 | 35.7 |
| Depreciation | 1,322 | 5.1 | 1,569 | 6.7 | 3,582 | 13.6 | 1,465 | 9.9 | 2,072 | 12.2 |
| Impairment loss of trade receivables | 454 | 1.8 | 2,151 | 9.1 | 1,679 | 6.3 | – | – | 411 | 2.4 |
| Rent and rates | 2,734 | 10.5 | 3,791 | 16.1 | 4,189 | 15.9 | 2,092 | 14.1 | 2,265 | 13.4 |
| Listing expenses | 10,209 | 39.5 | – | – | – | – | – | – | – | – |
| Office expenses | 1,244 | 4.8 | 1,816 | 7.7 | 2,579 | 9.8 | 1,949 | 13.2 | 1,187 | 7.0 |
| Legal and professional fees | 900 | 3.5 | 2,386 | 10.1 | 2,323 | 8.8 | 1,952 | 13.2 | 4,458 | 26.3 |
| Others | 593 | 2.3 | 655 | 2.8 | 739 | 2.8 | 776 | 5.2 | 486 | 3.0 |
| | <u>25,869</u> | <u>100.0</u> | <u>23,553</u> | <u>100.0</u> | <u>26,400</u> | <u>100.0</u> | <u>14,798</u> | <u>100.0</u> | <u>16,926</u> | <u>100.0</u> |

Year ended 31 March 2017 compared with year ended 31 March 2016

Administrative expenses decreased from approximately HK\$25.9 million for the year ended 31 March 2016 to approximately HK\$23.6 million for the year ended 31 March 2017, which was primarily attributable to the Group recognised listing expenses of approximately HK\$10.2 million for the year ended 31 March 2016 but no listing expenses was recognised for the year ended 31 March 2017. The aforesaid decrease in administrative expenses was partially offset by (i) the increase in staff costs of approximately HK\$2.8 million; (ii) the increase in impairment of trade receivables of approximately HK\$1.7 million; (iii) the increase in legal and professional fees of approximately HK\$1.5 million; and (iv) the increase in rent and rates of approximately HK\$1.1 million.

Year ended 31 March 2018 compared with year ended 31 March 2017

Administrative expenses increased from approximately HK\$23.6 million for the year ended 31 March 2017 to approximately HK\$26.4 million for the year ended 31 March 2018, which was primarily attributable to (i) the increase in depreciation of approximately HK\$2.0 million; and (ii) the increase in office expenses of approximately HK\$0.8 million.

Six months ended 30 September 2018 compared with six months ended 30 September 2017

Administrative expenses increased from approximately HK\$14.8 million for the six months ended 30 September 2017 to approximately HK\$16.9 million for the six months ended 30 September 2018, with the largest expenses component under administrative expenses remained to be staff costs at approximately HK\$6.6 million and HK\$6.0 million, respectively, representing approximately 44.4% and 35.7% of the total administrative expenses, respectively. The increase in administrative expenses was mainly attributable to the legal and professional fees and other costs recorded in relation to the proposed Transfer.

Income tax expense

During the three years ended 31 March 2018, the Group incurred income tax expense of approximately HK\$4.6 million, HK\$5.4 million and HK\$8.0 million at effective tax rates of approximately 25.8%, 16.4% and 16.4%, respectively. The higher effective tax rate for the year ended 31 March 2016 was attributable to non-tax deductible expenses recorded by the Group during the year.

For the six months ended 30 September 2017 and 2018, the Group incurred income tax expense of approximately HK\$4.3 million and HK\$4.3 million, at effective tax rates of approximately 16.5% and 15.9%, respectively. The decrease in effective tax rate was primarily attributable to the two tiered profit tax rates regime in force for the year of assessment 2018/19.

Profit and total comprehensive income for the year/period

Year ended 31 March 2017 compared with year ended 31 March 2016

The Group's profit and total comprehensive income for the year increased from approximately HK\$13.4 million for the year ended 31 March 2016 to approximately HK\$27.6 million for the year ended 31 March 2017, representing an increase of approximately HK\$14.2 million, or approximately 106.2%. Such increase were mainly attributable to the increase of revenue from approximately HK\$99.8 million for the year ended 31 March 2016 to approximately HK\$128.9 million for the year ended 31 March 2017, and the absence of the one-off listing expenses for the year ended 31 March 2017, whereas listing expenses of approximately HK\$10.2 million was recognised for the year ended 31 March 2016. As a result, net profit margin increased from approximately 13.4% for the year ended 31 March 2016 to approximately 21.4% for the year ended 31 March 2017. Profit after tax and net profit margin of the Group for the year ended 31 March 2016 would have been approximately HK\$23.6 million and approximately 23.7%, respectively, after the exclusion of the one-off listing expenses.

Year ended 31 March 2018 compared with year ended 31 March 2017

The Group's profit and total comprehensive income for the year increased from approximately HK\$27.6 million for the year ended 31 March 2017 to approximately HK\$40.7 million for the year ended 31 March 2018, representing an increase of approximately HK\$13.1 million, or approximately 47.4%. Such increase was mainly attributable to the increase of revenue from approximately HK\$128.9 million for the year ended 31 March 2017 to approximately HK\$164.4 million for the year ended 31 March 2018. As a result, net profit margin increased from approximately 21.4% for the year ended 31 March 2017 to approximately 24.8% for the year ended 31 March 2018.

Six months ended 30 September 2018 compared with six months ended 30 September 2017

The Group's profit and total comprehensive income for the period increased slightly from approximately HK\$21.6 million for the six months ended 30 September 2017 to approximately HK\$22.8 million for the six months ended 30 September 2018, representing an increase of approximately HK\$1.3 million, or approximately 5.8%. Such increase was mainly attributable to the combined effects of (i) the increase of revenue from approximately HK\$87.3 million for the six months ended 30 September 2017 to approximately HK\$88.3 million for the six months ended 30 September 2018; (ii) the decrease of cost of services from approximately HK\$39.4 million for the six months ended 30 September 2017 to approximately HK\$37.9 million for the six months ended 30 September 2018; and (iii) the decrease of selling and distribution expenses from approximately HK\$8.1 million for the six months ended 30 September 2017 to approximately HK\$6.9 million for the six months ended 30 September 2018, partially offset by the increase of administrative expenses from approximately HK\$14.8 million for the six months ended 30 September 2017 to approximately HK\$16.9 million for the six months ended 30 September 2018. As a result, net profit margin increased from approximately 24.7% for the six months ended 30 September 2017 to approximately 25.9% for the six months ended 30 September 2018.

Summary of the consolidated statement of financial position of the Group

| | | As at 31 March | | As at |
|--|---------------|----------------|----------------|----------------|
| | 2016 | 2017 | 2018 | 30 September |
| | HK\$'000 | HK\$'000 | HK\$'000 | 2018 |
| | (Audited) | (Audited) | (Audited) | (Unaudited) |
| NON-CURRENT ASSETS | | | | |
| Plant and equipment | 2,155 | 6,928 | 8,566 | 6,622 |
| Goodwill | 11,423 | 11,423 | 11,423 | 11,423 |
| Deposits paid for acquisition of plant and equipment | – | 1,627 | – | – |
| Rental deposits | – | 1,114 | – | – |
| Deferred tax assets | 142 | – | – | – |
| Total non-current assets | 13,720 | 21,092 | 19,989 | 18,045 |
| CURRENT ASSETS | | | | |
| Amounts due from customers on service contracts | 9,062 | 7,208 | 13,885 | 4,177 |
| Trade and other receivables | 20,186 | 25,612 | 31,008 | 40,956 |
| Income tax recoverable | – | 1,425 | – | – |
| Bank balances | 24,041 | 65,950 | 100,728 | 122,010 |
| Total current assets | 53,289 | 100,195 | 145,621 | 167,143 |

| | 2016 | As at 31 March | | As at |
|--|----------------------|-----------------------|-----------------------|-----------------------|
| | <i>HK\$'000</i> | 2017 | 2018 | 30 September |
| | <i>(Audited)</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | 2018 |
| | | <i>(Audited)</i> | <i>(Audited)</i> | <i>HK\$'000</i> |
| | | | | <i>(Unaudited)</i> |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 19,584 | 21,770 | 23,779 | 26,199 |
| Income tax payables | <u>1,572</u> | <u>295</u> | <u>1,782</u> | <u>6,098</u> |
| Total current liabilities | <u>21,156</u> | <u>22,065</u> | <u>25,561</u> | <u>32,297</u> |
| Net current assets | <u>32,133</u> | <u>78,130</u> | <u>120,060</u> | <u>134,846</u> |
| Total assets less current liabilities | <u>45,853</u> | <u>99,222</u> | <u>140,049</u> | <u>152,891</u> |
| NON-CURRENT LIABILITY | | | | |
| Deferred tax liability | <u>–</u> | <u>212</u> | <u>351</u> | <u>351</u> |
| | <u>45,853</u> | <u>99,010</u> | <u>139,698</u> | <u>152,540</u> |
| CAPITAL AND RESERVES | | | | |
| Share capital | 1 | 4,000 | 4,000 | 4,000 |
| Reserves | <u>45,852</u> | <u>95,010</u> | <u>135,698</u> | <u>148,540</u> |
| | <u>45,853</u> | <u>99,010</u> | <u>139,698</u> | <u>152,540</u> |

The following sections set forth detailed discussion of the fluctuations in the key components of the assets and liabilities.

Goodwill

On 23 March 2016, the Group acquired the entire equity interests in API and goodwill of approximately HK\$11.4 million was recognised upon acquisition. The following table sets forth the goodwill at the end of each reporting period during the Track Record Period:

HK\$'000

Cost and carrying value

As at 31 March 2016, 2017 and 2018 and 30 September 2018

11,423

Goodwill as at 31 March 2016, 2017 and 2018 and 30 September 2018 amounted to approximately HK\$11.4 million and remained constant.

For the purpose of goodwill impairment testing, API, being the cash-generating unit of the Group to which goodwill has been allocated, is tested for impairment annually in accordance with the accounting policy of the Group and HKAS 36 Impairment of Assets. The recoverable amount of API has been determined by reference to the valuation report issued by an independent qualified professional valuer based on value-in-use calculation which requires estimates concerning the forecast future cash flows associated with the goodwill, the discount rate and the growth rate of revenue. As the recoverable amount of API at the end of each reporting period was higher than its carrying amount, no impairment loss was recognised during each of the three years ended 31 March 2016, 2017 and 2018 and the six months ended 30 September 2018, respectively.

Based on information of the Company and the valuer of the Company which conducted the goodwill impairment assessment as at 31 March 2016, 2017 and 2018, including the key parameters, such as discount rate and terminal growth rate, the recoverable amount would exceed the carrying amount of cash-generating unit of the Group by not less than approximately HK\$2.6 million, HK\$33.2 million and HK\$47.5 million as at 31 March 2016, 2017 and 2018, respectively. The Directors consider that reasonable possible changes in the key parameters would not lead to an impairment of goodwill.

Plant and equipment

The plant and equipment mainly comprised (i) leasehold improvements; (ii) furniture and fixtures; (iii) office equipment; and (iv) motor vehicles, which amounted to approximately HK\$2.2 million, HK\$6.9 million, HK\$8.6 million and HK\$6.6 million in aggregate as at 31 March 2016, 2017 and 2018 and 30 September 2018, respectively. The increase from approximately HK\$2.2 million as at 31 March 2016 to approximately HK\$6.9 million as at 31 March 2017 was mainly attributable to (i) the additions of leasehold improvements of approximately HK\$3.5 million; and (ii) the additions of office equipment of approximately HK\$2.5 million. The increase from approximately HK\$6.9 million as at 31 March 2017 to approximately HK\$8.6 million as at 31 March 2018 was mainly attributable to (i) the additions of leasehold improvements of approximately HK\$1.9 million; and (ii) the additions of office equipment of approximately HK\$3.3 million. The decrease in plant and equipment from approximately HK\$8.6 million as at 31 March 2018 to approximately HK\$6.6 million as at 30 September 2018 was mainly attributable to depreciation charge of approximately HK\$2.1 million during the period.

Amounts due from customers on services contracts

With regard to services contracts which the Group had performed work but certain milestones of the contract had not been achieved and hence invoices were yet to be issued, the Group recognised the amount receivable from customers based on the stage of completion of the contract. Notwithstanding the timing of the issuance of invoices due to the achievement of milestones, amounts due from customers on services contracts are of similar nature as trade receivables due to the fact that such balances resulted from the completion of provision of services to its customers. The following table is a summary for the Group's amounts due from customers on services contracts as at the dates indicated:

| | 2016 | As at 31 March | | As at |
|------------------------------|---------------------|-----------------------|----------------------|---------------------|
| | 2017 | 2018 | 2018 | 30 September |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> |
| Contract costs incurred plus | | | | |
| attributable profit | 9,062 | 7,208 | 17,817 | 8,109 |
| Progress billings to date | <u>—</u> | <u>—</u> | <u>(3,932)</u> | <u>(3,932)</u> |
| | <u><u>9,062</u></u> | <u><u>7,208</u></u> | <u><u>13,885</u></u> | <u><u>4,177</u></u> |

The decrease in the amounts due from customers from approximately HK\$9.1 million as at 31 March 2016 to approximately HK\$7.2 million as at 31 March 2017 which was attributable to certain works performed which had been invoiced during the year ended 31 March 2017.

The increase in the amounts due from customers from approximately HK\$7.2 million as at 31 March 2017 to approximately HK\$13.9 million as at 31 March 2018 was in line with the increase in revenue during the respective year.

The decrease in the amounts due from customers from approximately HK\$13.9 million as at 31 March 2018 to approximately HK\$4.2 million as at 30 September 2018 was mainly attributable to certain services contracts had been invoiced during the six months ended 30 September 2018.

Out of the amounts due from customers on services contracts, of which approximately HK\$1.2 million as at 30 September 2018 has been subsequently invoiced and recognised as trade receivables of the Group as at the Latest Practicable Date. Out of such amount of approximately HK\$1.2 million, approximately HK\$0.8 million was settled as at the Latest Practicable Date.

Trade and other receivables

The Group's trade and other receivables include trade receivables, prepayments and deposits. The following table sets forth the breakdown of the Group's trade and other receivables as at the dates indicated:

| | 2016 | As at 31 March | | As at |
|--|----------------------|-----------------------|----------------------|----------------------|
| | 2017 | 2018 | 2018 | 30 September |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> |
| Trade receivables | 16,013 | 26,923 | 31,830 | 40,141 |
| <i>Less:</i> Allowance for impairment of trade receivables | <u>(1,020)</u> | <u>(3,170)</u> | <u>(2,996)</u> | <u>(2,816)</u> |
| | 14,993 | 23,753 | 28,834 | 37,325 |
| Prepayments | 3,754 | 767 | 257 | 153 |
| Deposits | <u>1,439</u> | <u>1,092</u> | <u>1,917</u> | <u>3,478</u> |
| | <u><u>20,186</u></u> | <u><u>25,612</u></u> | <u><u>31,008</u></u> | <u><u>40,956</u></u> |

Trade and other receivables of the Group increased from approximately HK\$20.2 million as at 31 March 2016 to approximately HK\$25.6 million as at 31 March 2017. Such increase was mainly attributable to the combined effect of (i) the increase in trade receivables net of allowance for impairment of approximately HK\$8.8 million; (ii) the decrease in prepayments of approximately HK\$3.0 million; and (iii) the decrease in deposits of approximately HK\$0.3 million.

Trade and other receivables of the Group increased from approximately HK\$25.6 million as at 31 March 2017 to approximately HK\$31.0 million as at 31 March 2018 which was mainly attributable to the increase in trade receivables net of allowance for impairment of approximately HK\$5.1 million.

Trade and other receivables of the Group increased from approximately HK\$31.0 million as at 31 March 2018 to approximately HK\$41.0 million as at 30 September 2018 which was mainly attributable to the increase in trade receivables net of allowance for impairment of approximately HK\$8.5 million.

As at the Latest Practicable Date, approximately HK\$24.1 million, representing approximately 64.5% of the trade receivables balance as at 30 September 2018 had been settled by customers.

In general, the Group allows an average credit period of 30 days to its trade customers. The Group does not hold any collateral over its trade and other receivables. The following is an aged analysis of trade receivables, net of allowance for impairment of trade receivables, presented based on the invoice date, as at the date indicated:

| | As at 31 March | | | As at 30 September |
|----------------|-----------------------|----------------------|----------------------|-------------------------------|
| | 2016 | 2017 | 2018 | 2018 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> |
| Within 30 days | 8,473 | 12,879 | 17,063 | 17,280 |
| 31 to 60 days | 2,053 | 4,746 | 4,531 | 4,727 |
| 61 to 90 days | 780 | 1,622 | 1,367 | 5,533 |
| Over 90 days | <u>3,687</u> | <u>4,506</u> | <u>5,873</u> | <u>9,785</u> |
| | <u><u>14,993</u></u> | <u><u>23,753</u></u> | <u><u>28,834</u></u> | <u><u>37,325</u></u> |

The aged analysis of trade receivables which are past due but not impaired is set out below:

| | As at 31 March | | | As at 30 September |
|----------------|-----------------------|----------------------|----------------------|-------------------------------|
| | 2016 | 2017 | 2018 | 2018 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> |
| Within 30 days | 2,053 | 4,746 | 4,531 | 4,727 |
| 31 to 60 days | 780 | 1,622 | 1,367 | 5,533 |
| Over 60 days | <u>3,687</u> | <u>4,506</u> | <u>5,873</u> | <u>9,785</u> |
| | <u><u>6,520</u></u> | <u><u>10,874</u></u> | <u><u>11,771</u></u> | <u><u>20,045</u></u> |

The movements in allowance for impairment of trade receivables during the Track Record Period are as follows:

| | Year ended 31 March | | | Six months ended |
|-------------------------------------|---------------------|--------------|----------------|-------------------|
| | 2016 | 2017 | 2018 | 30 September 2018 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Audited) | (Audited) | (Audited) | (Unaudited) |
| At the beginning of the year/period | 624 | 1,020 | 3,170 | 2,996 |
| Impairment loss recognised | 454 | 2,151 | 1,679 | 413 |
| Reversal of impairment loss | <u>(58)</u> | <u>(1)</u> | <u>(1,853)</u> | <u>(593)</u> |
| At the end of the year/period | <u>1,020</u> | <u>3,170</u> | <u>2,996</u> | <u>2,816</u> |

As at 31 March 2016, 2017 and 2018, and 30 September 2018 the balance included in the allowance for impairment of trade receivables were individually impaired trade receivables with an aggregate balance of approximately HK\$1.0 million, HK\$3.2 million, HK\$3.0 million and HK\$2.8 million, respectively, which have been impaired based on the credit history of the Group's customers' financial difficulties or default in payments, and current market conditions.

The following table sets forth the trade receivable turnover days of the Group during the Track Record Period:

| | Year ended 31 March | | | Six months ended |
|---|---------------------|----------------|----------------|-------------------|
| | 2016 | 2017 | 2018 | 30 September 2018 |
| Average trade receivables turnover days ^(Note) | <u>53 days</u> | <u>61 days</u> | <u>66 days</u> | <u>75 days</u> |

Note: Calculated as the average of the opening and closing balance of gross trade receivables for the relevant year/period divided by revenue for the relevant year/period and multiplying by 365 days for the years ended 31 March 2016, 2017 and 2018, and 183 days for the six months ended 30 September 2018.

The Group's average trade receivables turnover days increased from approximately 53 days for the year ended 31 March 2016 to approximately 61 days for the year ended 31 March 2017 and further increased to approximately 66 days for the year ended 31 March 2018. The increase was mainly attributable to the increase in revenue generated from debt offering circulars and IPO prospectuses segment and the extended payment schedules of certain customers during the years ended 31 March 2017 and 2018. The Group's average trade receivables turnover days further increased to approximately 75 days for the six months ended 30 September 2018. The increase was mainly attributable to a larger portion of the revenue for the six months ended 30 September 2018 was recognised between July and September 2018, being closer to the period end date and a relatively shorter time frame for the customers to settle.

During the Track Record Period, the average trade receivables turnover days ranged from approximately 53 days to 75 days, which was higher than the average credit period of 30 days, mainly attributable to the fact that it is not uncommon for the Group's customers settling their payment due to the Group after the relevant credit period. Given a majority of the Group's customers are listed companies with a good settlement record, the Directors do not consider that the Group is exposed to significant credit risks as a result of the trade receivables turnover days being higher than the credit period granted.

Trade and other payables

The following table is a summary of the Group's trade and other payables as at the dates indicated:

| | 2016 | As at 31 March | | As at |
|------------------------------|------------------|-----------------------|---------------------|--------------------|
| | 2017 | 2018 | 30 September | |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>2018</i> |
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> |
| Trade payables | 5,090 | 8,594 | 8,190 | 12,271 |
| Customer deposit | 2,526 | 3,909 | 4,841 | 5,802 |
| Accrued bonus and commission | 5,068 | 5,240 | 7,715 | 5,717 |
| Accruals | <u>6,900</u> | <u>4,027</u> | <u>3,033</u> | <u>2,409</u> |
| | <u>19,584</u> | <u>21,770</u> | <u>23,779</u> | <u>26,199</u> |

Trade payables of the Group increased from approximately HK\$5.1 million as at 31 March 2016 to approximately HK\$8.6 million as at 31 March 2017, which was mainly attributable to increase in cost of services during the year ended 31 March 2017. Trade payables of the Group remained relatively stable, which were approximately HK\$8.6 million as at 31 March 2017 and approximately HK\$8.2 million as at 31 March 2018, respectively. Trade payables of the Group increased from approximately HK\$8.2 million as at 31 March 2018 to approximately HK\$12.3 million as at 30 September 2018, which was mainly attributable to higher cost of services incurred between July and September 2018.

Other payables mainly consisted of customer deposit, accrued bonus and commission and accruals. The balance of other payables remained relatively stable, which were approximately HK\$14.5 million as at 31 March 2016 and approximately HK\$13.2 million as at 31 March 2017, respectively. The increase in other payables from approximately HK\$13.2 million as at 31 March 2017 to approximately HK\$15.6 million as at 31 March 2018 was mainly attributable to the increase in accrued bonus and commission of approximately HK\$2.5 million. The decrease in other payables from approximately HK\$15.6 million as at 31 March 2018 to approximately HK\$13.9 million as at 30 September 2018 was mainly attributable to the decrease in accrued bonus and commission of approximately HK\$2.0 million.

As at the Latest Practicable Date, approximately HK\$10.3 million, representing approximately 83.7% of the trade payables balance as at 30 September 2018 had been settled.

The Group's average credit period granted is generally ranging from 30 to 90 days. The following is an aged analysis of trade payables presented based on invoice date at the dates indicated:

| | As at 31 March | | | As at 30 September |
|----------------|----------------|--------------|--------------|-----------------------|
| | 2016 | 2017 | 2018 | 2018 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Audited) | (Audited) | (Audited) | (Unaudited) |
| Within 30 days | 2,741 | 6,812 | 6,363 | 7,607 |
| 31 to 60 days | 591 | 1,260 | 1,007 | 3,555 |
| 61 to 90 days | 399 | 64 | – | 84 |
| Over 90 days | <u>1,359</u> | <u>458</u> | <u>820</u> | <u>1,025</u> |
| | <u>5,090</u> | <u>8,594</u> | <u>8,190</u> | <u>12,271</u> |

The following tables sets forth the trade payable turnover days of the Group during the Track Record Period:

| | Year ended 31 March | | | Six months ended 30 September |
|---|---------------------|----------------|----------------|-------------------------------------|
| | 2016 | 2017 | 2018 | 2018 |
| Average trade payable turnover days ^(Note) | <u>36 days</u> | <u>42 days</u> | <u>41 days</u> | <u>50 days</u> |

Note: Calculated as the average of the opening and closing balance of trade payables for the relevant year/period divided by cost of services for the relevant year/period and multiplying by 365 days for the years ended 31 March 2016, 2017 and 2018, and 183 days for the six months ended 30 September 2018.

The Group's average trade payable turnover days increased from approximately 36 days for the year ended 31 March 2016 to approximately 42 days for the year ended 31 March 2017. The increase in average trade payable turnover days was mainly attributable to the certain project works were completed towards the end of the year ended 31 March 2017 and the corresponding costs remained unsettled as at 31 March 2017. The Group's average trade payable turnover days remained relatively stable from approximately 42 days for the year ended 31 March 2017 to approximately 41 days for the year ended 31 March 2018. The Group's average trade payable turnover days increased from approximately 41 days for the year ended 31 March 2018 to approximately 50 days for the six months ended 30 September 2018. The increase in average trade payable turnover days was mainly attributable to the increase in cost of services incurred between July and September 2018 as discussed above.

Financial resources and liquidity

The table below sets forth the information regarding current assets, current liabilities, and current ratio as at 31 March 2016, 2017, 2018 and 30 September 2018:

| | 2016 | As at 31 March | | As at |
|--|----------------------|-----------------------|-----------------------|-----------------------|
| | 2016 | 2017 | 2018 | 30 September |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Audited)</i> | <i>(Unaudited)</i> |
| Current assets | 53,289 | 100,195 | 145,621 | 167,143 |
| Current liabilities | <u>21,156</u> | <u>22,065</u> | <u>25,561</u> | <u>32,297</u> |
| Net current assets | <u><u>32,133</u></u> | <u><u>78,130</u></u> | <u><u>120,060</u></u> | <u><u>134,846</u></u> |
| Current ratio (<i>times</i>) ^(Note 1) | 2.5 | 4.5 | 5.7 | 5.2 |
| Gearing ratio (%) ^(Note 2) | N/A | N/A | N/A | N/A |

Notes:

1. Current ratio is calculated by dividing total current assets with total current liabilities as at the end of the respective year/period.
2. Gearing ratio is calculated by dividing total debt (payables incurred not in the ordinary course of business) by total equity as at the end of the respective year/period multiplied by 100%.

As at 31 March 2016, 2017 and 2018 and 30 September 2018, the Group had net current assets of approximately HK\$32.1 million, HK\$78.1 million, HK\$120.1 million and HK\$134.8 million, respectively. As at 31 March 2016, 2017 and 2018 and 30 September 2018, the Group had cash and cash equivalents of approximately HK\$24.0 million, HK\$66.0 million, HK\$100.7 million and HK\$122.0 million, respectively.

The current ratio of the Group as at 31 March 2018 was approximately 5.7 times as compared to that of approximately 4.5 times and 2.5 times as at 31 March 2017 and 2016, respectively. The increase in current ratio was mainly due to increase in cash and cash equivalents as a result of the receipts from customers driven by the expanded business. The current ratio of the Group as at 30 September 2018 slightly decreased to approximately 5.2 times. The decrease in current ratio was mainly due to the decrease in amounts due from customers on services contracts as discussed above, and the increase in income tax payables as a result of provisional tax paid in January and March 2018, while there was no tax prepaid recorded during the six months ended 30 September 2018.

As at 31 March 2016, 2017 and 2018 and 30 September 2018, the Group did not have any borrowings, bank overdrafts, bank loans and banking facilities. Thus, gearing ratio (which is calculated by dividing total debt (payables incurred not in the ordinary course of business) by total equity) is not applicable for the Group as at 31 March 2016, 2017 and 2018 and 30 September 2018.

Major financial ratios

The table below sets forth the Group's major financial ratios as at the dates indicated:

| | 2016 | As at 31 March 2017 | 2018 | As at 30 September 2018 |
|--|-------------|--------------------------------|-------------|--|
| Return on total assets (%) <i>(Note 1)</i> | 20.0 | 22.8 | 24.6 | N/A |
| Return on equity (%) <i>(Note 2)</i> | 29.2 | 27.9 | 29.1 | N/A |

Notes:

1. Return on total assets is calculated by dividing profit for the respective year with total assets as at the end of the respective year multiplied by 100%.
2. Return on total equity is calculated by dividing profit for the respective year with total equity as at the end of the respective year multiplied by 100%.

The return on total assets of the Group as at 31 March 2018 was approximately 24.6% as compared to that of approximately 22.8% and 20.0% as at 31 March 2017 and 2016, respectively. The increase in return on total assets was mainly due to increase in revenue and change in revenue composition which led to variations in gross and net profit margins and resulted in increase in the net profit during the three years ended 31 March 2018.

The return on total equity of the Group as at 31 March 2018 was approximately 29.1% as compared to that of approximately 27.9% and 29.2% as at 31 March 2017 and 2016, respectively. The slight decrease in return on total equity from approximately 29.2% as at 31 March 2016 to approximately 27.9% as at 31 March 2017 was mainly due to increase in total equity as a result of the net proceeds from the GEM Listing in April 2016. The increase in return on total equity from approximately 27.9% as at 31 March 2017 to approximately 29.1% as at 31 March 2018 was mainly due to increase revenue and change in revenue composition which led to variations in gross and net profit margins and resulted in increase in the net profit for the year ended 31 March 2018.

Dividends

In July 2015, an interim dividend of HK\$18.0 million was declared and paid by the Group to its then shareholders in August 2015. No dividend was paid or proposed during the year ended 31 March 2017. A final dividend of HK2.5 cents per Share in respect of the year ended 31 March 2018 has been proposed by the Board on 12 June 2018 and has been approved by the Shareholders in the annual general meeting of the Company held on 28 August 2018, and has been paid on 28 September 2018.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources, the Group has sufficient working capital for its requirements for at least next 12 months from the date of this announcement.

NO MATERIAL ADVERSE CHANGE

The Directors confirmed that subsequent to 31 March 2018 and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group and there have been no trends or development which may have a material adverse impact on the Group's business operations or financial performance.

USE OF PROCEEDS

The net proceeds from the GEM Listing, after deducting listing related expenses, were approximately HK\$15.3 million. Reference is also made to the announcement of the Company dated 21 June 2017 in relation to, among the others, the change of use of proceeds from the GEM Listing. Following the GEM Listing, the Directors observed that, (i) given the increasing number of companies listing on GEM as well as small-medium sized main board listings, which were conducted by small-medium sized financial intermediaries, whose offices may not be located in prime locations in Central, Hong Kong and hence, place less emphasis on the office locations of financial printing service providers; and (ii) the Group's then newly renovated existing headquarters can fulfill and serve the Group's strategy of expanding its customer base of companies listed on the Stock Exchange and further penetrate the market of debt offering circulars and IPO prospectuses through developing its business relationships with intermediaries. To deploy the financial resources more effectively and to cope with the operational needs of the Group arising from ongoing and future development, the Board had resolved to reallocate unutilised net proceeds from the GEM Listing originally intended for office expansion of approximately HK\$6.2 million to recruiting new staff and enhancing information technology system. The Directors are of the opinion that the change in use of net proceeds from the GEM Listing is in the interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, the Group had fully utilised the net proceeds of approximately HK\$15.3 million from the GEM Listing. The following table sets forth a breakdown of the Group's use of proceeds up to the Latest Practicable Date:

| | Proposed amount of net proceeds from the GEM Listing (adjusted by the change of use of net proceeds as disclosed in the announcement of the Company dated 21 June 2017) <i>HK\$ million</i> | Utilised net proceeds from GEM Listing up to the Latest Practicable Date <i>HK\$ million</i> |
|---|---|--|
| Office expansion | 1.3 | 1.3 |
| Recruiting new staff | | |
| – Translation staff | 3.7 | 3.7 |
| – Other staff | 3.3 | 3.3 |
| Enhancing the Group's information technology system | 5.5 | 5.5 |
| General working capital | <u>1.5</u> | <u>1.5</u> |
| Total | <u><u>15.3</u></u> | <u><u>15.3</u></u> |

COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or Controlling Shareholders or their respective close associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rules 8.10(1) and 8.10(2) of the Main Board Listing Rules.

DISCONTINUED CONTINUING CONNECTED TRANSACTIONS

On 25 March 2016, the Company (for itself and on behalf of the Group) entered into a master service agreement (“Master Service Agreement”) with Supreme Bond Limited (“Supreme Bond”) and 啟競翻譯諮詢(深圳)有限公司 (Nature Success (Shenzhen) Limited*) (“Nature Success”, together with Supreme Bond referred as to the “Supreme Bond Group”), pursuant to which the Group will engage Supreme Bond Group, from time to time, for the provision of translation services, for a term commencing from 19 April 2016, on which dealing in Shares first commenced on GEM, until 31 March 2019. The maximum annual translation service fees payable by the Group to Supreme Bond Group for each of the financial year ending 31 March 2019 shall not exceed HK\$6.8 million. On 28 December 2017, the Company notified Supreme Bond and Nature Success that the Master Service Agreement was terminated due to the decision of the shareholders of Supreme Bond to (i) terminate the shareholders’ agreement dated 15 December 2012 with immediate effect; and (ii) cease the operations of Supreme Bond and Nature Success and to dissolve the same thereafter.

The Directors considered that the discontinuation of the aforesaid continuing connected transactions does not have any material adverse operational and financial impact on the Group because:

- (i) the Group had reduced its reliance on Supreme Bond Group while being able to maintain its profitability. The transaction amount with Supreme Bond Group for the provision of translation services decreased from approximately HK\$5.2 million (representing approximately 8.8% of total cost of services) for the year ended 31 March 2017 to approximately HK\$3.1 million (representing approximately 4.1% of total cost of services) for the year ended 31 March 2018. Meanwhile, the Group’s gross profit increased from approximately HK\$69.4 million for the year ended 31 March 2017 to approximately HK\$89.7 million for the year ended 31 March 2018. In view of the aforesaid, the Directors believe that the decreasing reliance on Supreme Bond Group for the provision of translation services did not result in any material adverse impact on the financial performance of the Group; and

* *for identification purposes only*

(ii) since the GEM Listing and up to the Latest Practicable Date, the Group has maintained its efforts in expanding the scale of its internal translation department. The number of translation staff of the Group increased from two as at 31 March 2016 to four as at 31 March 2017, and further increased to seven as at 31 March 2018. As at 30 September 2018, the Group has six translation staff. The Directors believe that the increase in the Group's in-house capacity for carrying out translation works has reduced its risk of over-reliance on any single vendor providing translation services to the Group.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical information of each current Director as at the date of this announcement is as follows:

Executive Directors

Mr. LAM Kim Wan (林劍雲), aged 53, has been a director of APF since May 2002 and was appointed as a Director on 20 April 2015 and was redesignated as an executive Director and appointed as the Chairman on 23 March 2016. Mr. Lam is also the chairman of the nomination committee and a member of the remuneration committee of the Company. He is one of the founders of the Group. He is primarily responsible for overseeing the corporate strategy, operational management as well as sales and marketing of the Group. He is also a director of API. He was awarded a Higher Diploma in Business Studies from the City Polytechnic of Hong Kong (currently known as City University of Hong Kong) in November 1990.

Mr. Lam has over 22 years of experience in the financial printing industry in Hong Kong. Prior to co-founding the Group, Mr. Lam was employed in various financial printing companies in Hong Kong where the majority of his duties were sales and marketing. In May 2002, Mr. Lam, together with Mr. Fong, founded APF and subsequently in January 2012, Mr. Lam and Mr. Fong founded API.

Mr. Lam was a director of the following company, which was dissolved or wound-up (but not due to member's voluntary winding-up) with details as follows:

| Name of company | Principal business activity immediately before dissolution | Date of dissolution or winding-up | Details |
|--------------------|--|-----------------------------------|---|
| Beta Group Limited | Never carried on/ceased business | 22 January 2016 | This was a Hong Kong incorporated company deregistered under section 751 of the Companies Ordinance and accordingly dissolved upon deregistration (<i>Note</i>) |

Note: Under section 750 of the Companies Ordinance, an application for deregistration can only be made if (a) all the members of such company agreed to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's assets do not consist of any immovable property situate in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

Mr. Lam has entered into a service agreement with the Company on 23 March 2016 for an initial term of three years commencing from 19 April 2016, the date on which the Shares were first listed on GEM, and subject to retirement by rotation or re-election in accordance with the Articles of Association, will continue thereafter until terminated in accordance with the terms of the service agreement. Pursuant to the service agreement, Mr. Lam is entitled to fixed emoluments and additional bonus at the discretion of the Board. His emolument was determined by the Board by reference to his experience, responsibilities and duties with the Company and shall be reviewed annually by the remuneration committee of the Company. For the year ended 31 March 2018, a total sum of HK\$1,618,000 has been paid to Mr. Lam as emoluments.

As at the date of this announcement, Mr. Lam is interested in 233,160,000 Shares held through Brilliant Ray (representing approximately 58.3% of the issued shares capital of the Company). 50.0% of the issued share capital of Brilliant Ray is legally and beneficially owned by Mr. Lam. Mr. Lam is a director of Brilliant Ray.

Mr. FONG Wing Kong (方永光), aged 51, has been a director of APF since May 2002 and was appointed as a Director on 20 April 2015 and was redesignated as an executive Director and chief financial officer of the Company on 23 March 2016 and was further redesignated as chief executive officer of the Company on 10 August 2017. He was also the company secretary of the Company from 8 July 2015 to 9 August 2016. He is one of the founders of the Group. He is primarily responsible for overseeing the operational management and operations of finance and accounting of the Group. Mr. Fong is also a director of API.

Mr. Fong obtained a Bachelor of Business Administration (Honours) degree in Marketing from the Hong Kong Baptist College (currently known as Hong Kong Baptist University) in November 1990, a Master of Arts degree in Information Systems from City University of Hong Kong in December 1996, a Postgraduate Diploma in Hotel and Tourism Management at the Hong Kong Polytechnic University in November 2003 and a Postgraduate Diploma in Professional Accounting from The Open University of Hong Kong in June 2007. Mr. Fong became a member of the Hong Kong Institute of Certified Public Accountants in January 2010.

Mr. Fong has over 22 years experience in management and business development. Prior to co-founding the Group, Mr. Fong was a management trainee at Comitex Holdings Limited of the Giordano group where he rotated between three major functional areas of the group, namely marketing and sales, manufacturing and finance between August 1990 to August 1991. In September 1991, he was transferred to work with Giordano Limited where he progressed from assistant shop manager to his last position as general manager – regional until August 1998. He was then the director of operation at Tiger Enterprises Limited of the Giordano group between August 1998 to March 2001. In May 2002, Mr. Fong, together with Mr. Lam, founded APF and subsequently in January 2012, Mr. Fong and Mr. Lam founded API.

Mr. Fong was a director of the following company, which was dissolved or wound-up (but not due to member's voluntary winding-up) with details as follows:

| Name of company | Principal business activity immediately before dissolution | Date of dissolution or winding-up | Details |
|--------------------|--|-----------------------------------|---|
| Beta Group Limited | Never carried on/ceased business | 22 January 2016 | This was a Hong Kong incorporated company deregistered under section 751 of the Companies Ordinance and accordingly dissolved upon deregistration ^(Note) |

Note: Under section 750 of the Companies Ordinance, an application for deregistration can only be made if (a) all the members of such company agreed to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; (c) such company has no outstanding liabilities; (d) such company is not a party to any legal proceedings; (e) such company's assets do not consist of any immovable property situate in Hong Kong; and (f) if such company is a holding company, none of its subsidiary's assets consist of any immovable property situate in Hong Kong.

Mr. Fong has entered into a service agreement with the Company on 23 March 2016 for an initial term of three years commencing from 19 April 2016, the date on which the Shares were first listed on GEM, and subject to retirement by rotation or re-election in accordance with the Articles of Association, will continue thereafter until terminated in accordance with the terms of the service agreement. Pursuant to the service agreement, Mr. Fong is entitled to fixed emoluments and additional bonus at the discretion of the Board. His emolument was determined by the Board by reference to his experience, responsibilities and duties with the Company and shall be reviewed annually by the remuneration committee of the Company. For the year ended 31 March 2018, a total sum of HK\$1,618,000 has been paid to Mr. Fong as emoluments.

As at the date of this announcement, Mr. Fong is interested in 233,160,000 Shares held through Brilliant Ray (representing approximately 58.3% of the issued shares capital of the Company). 50.0% of the issued share capital of Brilliant Ray is legally and beneficially owned by Mr. Fong. Mr. Fong is a director of Brilliant Ray.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. YUE Ming Wai Bonaventure (余銘維), aged 51, was appointed as an independent non-executive Director on 23 March 2016. He is also the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of the Company. He is primarily responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of the Group. He has over 26 years of experience in accounting, auditing, finance and compliance which is gained non-exhaustively from an investment advisory firm and several listed companies in both Hong Kong and the United States of America.

Mr. Yue obtained a Bachelor of Business Administration (Honours) degree in Accounting from the Hong Kong Baptist University in November 1990 and was awarded a Master of Science degree in Accounting and Finance from The University of Manchester in December 1994. He was admitted as a fellow member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries in February 2002 and November 2005, respectively, and as a fellow member of the Institute of Chartered Accountants in England and Wales in February 2015. He was also admitted as a member of Chartered Accountants Australia and New Zealand in January 2008, a member of the American Institute of Certified Public Accountants in November 2013, a member accredited in business valuation by the American Institute of Certified Public Accountants in January 2015 and a member certified in entity and intangible valuations by the American Institute of Certified Public Accountants.

Mr. Yue's working experience is listed in the table below:

| Entity | Last/current position held | Duration |
|--|---|------------------------------|
| HangKan Group Limited (formerly known as Feishang Non-metal Materials Technology Limited) (stock code: 8331) | Company secretary | July 2015 to June 2017 |
| China Natural Resources, Inc. (stock code: CHNR), a company listed in the National Association of Securities Dealers Automated Quotations (commonly known as NASDAQ) | Chief financial officer and corporate secretary | April 2015 to present |
| Feishang Anthracite Resources Limited (stock code: 1738) | Chief financial officer and company secretary | December 2013 to present |
| China Natural Resources, Inc. (stock code: CHNR) | Financial controller | April 2008 to January 2014 |
| Enerchina Holdings Limited (stock code: 622) | Financial controller | September 2007 to April 2008 |
| A manufacturing company | Chief financial officer and company secretary | April 2003 to October 2007 |
| A private investment advisory company | Associate director | November 1998 to April 2003 |
| Leading Spirit High-Tech (Holdings) Company Limited (formerly known as Leading Spirit (Holdings) Company Limited, which was delisted in January 2004) | Accounting manager | August 1996 to April 1998 |
| China Environmental Energy Investment Limited (formerly known as Nam Hing Holdings Limited) (stock code: 986) | Group financial manager, assistant financial controller and company secretary | January 1995 to August 1996 |
| Sun Hung Kai & Co. Limited (stock code: 86) | Accountant | December 1992 to August 1993 |

Mr. Yue's directorships in other companies listed on the Stock Exchange and other stock exchange in the three years preceding the date of this announcement are set out below:

| Name of company | Principal business activities | Period of service | Position(s) |
|---|--|------------------------|--------------------|
| Feishang Anthracite Resources Limited (stock code: 1738) | Acquisition, construction and development of anthracite coal mines and the extraction and sale of thermal and anthracite coal | May 2015 to present | Executive director |
| China Natural Resources, Inc. (stock code: CHNR) | Metal exploration, mineral extraction, processing and sales of iron zinc and other non-ferrous metals, mining and production of anthracite coal and copper smelting operations | August 2016 to present | Executive director |

Mr. Yue has entered into a letter of appointment with the Company for an initial term of three years commencing on 23 March 2016 and, subject to retirement by rotation or re-election in accordance with the Articles of Association, will continue thereafter until terminated in accordance with the terms of the letter of appointment with an annual director's fee of HK\$120,000.

As at the date of this announcement, Mr. Yue is interested in 580,000 Shares (representing approximately 0.1% of the issued shares capital of the Company).

Ms. SZE Tak On (施得安), aged 48, was appointed as an independent non-executive Director on 23 March 2016. She is also a member of each of the audit committee, remuneration committee and nomination committee of the Company. She is primarily responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of the Group. She has over 23 years of experience in accounting, auditing, finance and compliance.

She obtained a Bachelor of Business Administration (Honours) degree from Lingnan College Hong Kong (currently known as Lingnan University Hong Kong) in November 1998 and in November 2003, she obtained a Master of Corporate Finance degree from The Hong Kong Polytechnic University. In January and February 2001, she was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Taxation Institute of Hong Kong, respectively. In March 2001, she was admitted as a member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. In May 2004, she was admitted as a fellow member of the Association of Chartered Certified Accountants.

Ms. Sze is currently the financial controller and company secretary of Century Legend (Holdings) Limited (stock code: 79), a company listed on the Stock Exchange, since January and July 2004, respectively. She previously worked in a number of audit firms: as an auditor at Li, Tang, Chen & Co., from June 1994 to January 1997 and at Kwan Wong Tan & Fong (which had later merged with Deloitte Touche Tohmatsu in August 1997) from January 1997 to August 1998.

Ms. Sze has entered into a letter of appointment with the Company for an initial term of three years commencing on 23 March 2016 and, subject to retirement by rotation or re-election in accordance with the Articles of Association, will continue thereafter until terminated in accordance with the terms of the letter of appointment with an annual director's fee of HK\$120,000.

As far as the Directors are aware, as at the date of this announcement, Ms. Sze was not interested or deemed to be interested in any Shares or underlying Shares of the Company pursuant to Part XV of the SFO.

Mr. LEUNG Siu Hong (梁兆康), aged 43, was appointed as an independent non-executive Director on 23 March 2016. He is also the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company. He is primarily responsible for providing independent judgement to bear on issues of strategy, policy, performance, accountability, resource, key appointments and standard of conduct of the Group. Mr. Leung has over 20 years of experience in accounting, auditing, finance and compliance.

Mr. Leung obtained a designated degree of Master of Arts in Accountancy from the University of Aberdeen, Scotland, the United Kingdom in October 1997. He also obtained a Master of Corporate Governance degree from the Hong Kong Polytechnic University in October 2011 and a Master of Science degree in Financial Analysis from The Hong Kong University of Science and Technology in June 2014. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants since February 2010 and Association of Chartered Certified Accountants since May 2007. Mr. Leung is also a fellow member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries since July 2013.

Mr. Leung's working experience is listed in the table below:

| Entity | Last/current position held | Duration |
|--|--|---------------------------------|
| China Starch Holdings Limited (stock code: 3838) | Financial controller and company secretary | February 2008 to present |
| Ta Yang Group Holdings Limited (stock code: 1991) | Financial controller, qualified accountant and company secretary | March 2006 to January 2008 |
| Master Bridge Enterprise Limited | Chief accountant of the Trust-Mart Group | September 2004 to December 2005 |
| BMI Consultants Limited | Associate director | June 2002 to July 2004 |
| Major international accounting firms and a local accounting firm | Senior associate | November 1997 to June 2002 |

Mr. Leung's directorship in other companies listed on the Stock Exchange and other stock exchanges in the three years preceding the date of this announcement is set out below:

| Name of company | Principal business activities | Duration of appointment | Position |
|--|---|--------------------------------|------------------------------------|
| Legend Strategy International Holdings Group Company Limited (stock code: 1355) | Operation of budget hotels and provision of hotel consultancy and management services in the PRC | June 2015 to March 2017 | Independent non-executive director |
| China Partytime Culture Holdings Limited (stock code: 1532) | Design, develop, produce, sell and market cosplay products and non-cosplay apparels | August 2015 to present | Independent non-executive director |
| Zhaobangji Properties Holdings Limited (formerly known as Sanroc International Holdings Limited) (stock code: 1660) | Trading of machinery and spare parts, leasing of machinery and the provision of related services, and the provision of transportation services in Hong Kong | January 2017 to April 2018 | Independent non-executive director |
| Sun Car Insurance Agency Co., Limited (stock code: 831566) (Note) | Professional automobile insurance agency and B2B integrated automobile after-sales service provider in China | October 2018 to present | Independent non-executive director |

Note: The shares are quoted and traded on the National Equities Exchange and Quotations in China, and such company has applied for listing on the Main Board in August 2018.

Mr. Leung was a director of the following company, which was dissolved or wound-up (but not due to member's voluntary winding-up) with details as follows:

| Name of company | Principal business activity immediately before dissolution | Date of dissolution or winding-up | Details |
|------------------------|---|--|--|
| United Goal Limited | Never carried on/ceased business | 25 January 2008 | This was a Hong Kong incorporated company deregistered under section 291AA of the Predecessor Companies Ordinance and accordingly dissolved upon deregistration <i>(Note)</i> |

Note: Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made if (a) all the members of such company agreed to such deregistration; (b) such company has never commenced business or operation, or has ceased to carry on business or ceased operation for more than three months immediately before the application; and (c) such company has no outstanding liabilities.

Mr. Leung has entered into a letter of appointment with the Company for an initial term of three years commencing on 23 March 2016 and, subject to retirement by rotation or re-election in accordance with the Articles of Association, will continue thereafter until terminated in accordance with the terms of the letter of appointment with an annual director's fee of HK\$120,000.

As far as the Directors are aware, as at the date of this announcement, Mr. Leung was not interested or deemed to be interested in any Shares or underlying Shares of the Company pursuant to Part XV of the SFO.

Save as disclosed above, as at the date of this announcement, each of the Directors (i) has not held any other position within the Group and has not held any directorships in any other listed companies in Hong Kong or overseas in the last three years; and (ii) does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO. Each of the Directors has no relationships with any other Directors, members of senior management or substantial shareholders of the Company.

Save as disclosed above, there is no other information in relation to each of the Directors which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

SENIOR MANAGEMENT

The biographical information of each current member of senior management of the Company as at the date of this announcement is as follows:

Mr. WONG Tat Lun Eddie (黃達麟), aged 46, joined the Group in May 2002 and is currently the marketing director of APF. He is mainly responsible for the development and execution of strategic plans for business development, overseeing the operation of the marketing function of APF. Mr. Wong has over 19 years of experience in customer service, sales coordination and management in the financial printing industry. Prior to joining the Group, he worked at another financial printing company in Hong Kong from October 2000 to shortly prior to joining the Group where his last position was a customer service supervisor. Before that, he worked at another financial printing company from July 1998 to 1999 where his last position was senior sales coordinator.

As at the date of this announcement, Mr. Wong and his spouse are interested in 10,330,000 Shares (representing approximately 2.6% of the issued shares capital of the Company).

Mr. LEE Man Kin (李文健), aged 52, joined the Group in July 2002 and is currently the sales director of APF. He is mainly responsible for the development and execution of strategic plans in order to achieve key growth sales target and for overseeing the operation of the sales function of APF. Mr. Lee has over 27 years of experience in general sales and marketing industry in Hong Kong. Prior to joining the Group, he previously worked as a negotiator from May 1988 to February 1990, as an assistant manager from May 1992 to August 1993, as a property consultant from October 1994 to 1999 and as an assistant manager in 2000 in a number of real estate agencies in Hong Kong.

As at the date of this announcement, Mr. Lee is interested in 6,300,000 Shares (representing approximately 1.6% of the issued shares capital of the Company).

Mr. LIM Boon Yew (林文耀), aged 44, joined API in January 2012 as the general manager and head of sales and marketing and was appointed as a director of API in February 2013. Mr. Lim's primary duties are the general management and sales and marketing of API. Mr. Lim has over 15 years of experience in the financial printing industry in Hong Kong and Beijing, the PRC. He obtained a Bachelor of Engineering degree from Nanyang Technological University, Singapore, in July 1999 and a Master of Business Administration degree from The University of Chicago Booth School of Business, the United States of America, in March 2008. Prior to joining API, Mr. Lim worked in another financial printing company in Hong Kong from January 2003 to December 2011 where his last position was an assistant general manager, sales and marketing, China.

As at the date of this announcement, Mr. Lim is interested in 24,000,000 Shares held through Majestic Praise (representing 6.0% of the issued shares capital of the Company). The entire share capital of Majestic Praise is legally and beneficially owned by Mr. Lim. Mr. Lim is a director for Majestic Praise.

Mr. CHEUNG Hok Wai (張學偉), aged 52, joined API in February 2013 as a director of API. Mr. Cheung, who is a practising certified public accountant, is mainly responsible for providing recommendations to API in relation to business strategy and financial management. Mr. Cheung has over 29 years of experience in auditing, accounting, finance and compliance. He obtained a Bachelor of Science (Honours) degree in Economics from University of London, the United Kingdom in August 1991. He also obtained a Master of Business Administration degree from the Hong Kong Baptist University in December 2001. Mr. Cheung has been an associate member of the Hong Kong Institute of Certified Public Accountants since April 1992 and a fellow member of The Association of Chartered Certified Accountants since January 1997. Mr. Cheung had previously worked in an international accounting firm from August 1988 to April 1993. He also worked in a number of listed and non-listed companies as a financial controller from April 1993 to December 2011. He is currently the sole proprietor of his own accounting practice, Cheung Hok Wai Certified Public Accountant.

Mr. WUN Chun Wai (溫駿偉), aged 38, joined the Group in March 2015 as the assistant financial controller and is currently the financial controller of the Company. He also acts as the company secretary of the Company since 10 August 2016. He is mainly responsible for the overall management and operations of finance and accounting of the Group. Mr. Wun graduated with a Higher Diploma in Business (Accounting) from The University of Hong Kong School of Professional and Continuing Education Community College in September 2004 and obtained a Bachelor of Commerce (Accounting) degree from Curtin University of Technology in Australia in February 2006. Mr. Wun became a full member of CPA Australia in November 2010 and a member of the Hong Kong Institute of Certified Public Accountants in September 2015. Prior to joining the Group, Mr. Wun worked at Li, Tang, Chen & Co Certified Public Accountants from March 2006 to December 2007 where his last position was audit semi-senior. He then worked with H.C. Watt & Company Limited Certified Public Accountants from August 2008 to February 2010 as an audit semi-senior and in Andrew MA DFK (CPA) Limited from May 2010 to May 2011 as an audit senior. From May 2011 to January 2015, Mr. Wun worked at Mazars CPA Limited where his last position was assistant manager.

Ms. CHIU Li Yen (丘麗燕), aged 47, joined the Group in January 2015 as the chief information officer. She is mainly responsible for the information technology and computer systems that support the overall operations of the Group. Ms. Chiu obtained a Bachelor of Science degree in Computer Science from University of Portsmouth, the United Kingdom in 1994. Prior to joining the Group, between December 1995 to November 2003, Ms. Chiu worked with SchlumbergerSema group of companies where her last position was senior consultant. She was a senior analyst, sales engineer at Convergys Hong Kong Limited from November 2003 to August 2004 and a solution manager and then a pre-sales solutions consultant at the Intec group of companies since August 2004. Between August 2009 and December 2014, she worked at Evergrande Health Industry Group Limited (formerly known as New Media Group Holdings Limited) (stock code: 708), a company listed on the Stock Exchange where her last position was business analyst of digital innovation and services department.

Save as disclosed above, as at the date of this announcement, each of the members of senior management of the Company (i) has not held any other position within the Group and has not held any directorships in any other listed companies in Hong Kong or overseas in the last three years; and (ii) does not have any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations required to be disclosed pursuant to Part XV of the SFO. Each of the members of senior management of the Company has no relationships with any other Directors, members of senior management or substantial shareholders of the Company.

None of the senior management of the Company had resigned since its GEM Listing and up to the Latest Practicable Date.

Save as disclosed above, there is no other information in relation to each of the members of senior management of the Company which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Main Board Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

EMPLOYEES

As at 31 March 2016, 2017, 2018, 30 September 2018 and the Latest Practicable Date, the breakdown of the Group's employees by principal functions is set out below:

| | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2018 | As at 30 September 2018 | As at the Latest Practicable Date |
|--|---------------------------|---------------------------|---------------------------|-------------------------------|--|
| Functions | | | | | |
| Management (including executive Directors) | 3 | 3 | 3 | 3 | 3 |
| Sales and marketing | 9 | 11 | 11 | 11 | 12 |
| Account & customer service | 22 | 25 | 27 | 28 | 28 |
| Design | 8 | 12 | 13 | 13 | 13 |
| Desktop publishing | 20 | 21 | 28 | 25 | 25 |
| Finance and accounting | 2 | 3 | 3 | 3 | 3 |
| Human resources and administration | 4 | 5 | 6 | 6 | 7 |
| Information technology | 1 | 3 | 3 | 3 | 4 |
| Translation | 2 | 4 | 7 | 6 | 6 |
| | <u>71</u> | <u>87</u> | <u>101</u> | <u>98</u> | <u>101</u> |
| Total | <u>71</u> | <u>87</u> | <u>101</u> | <u>98</u> | <u>101</u> |

CONTROLLING SHAREHOLDERS

As at the date of this announcement, Mr. Lam and Mr. Fong are interested in 233,160,000 Shares (representing approximately 58.3% of the issued share capital of the Company), which are registered in the name of Brilliant Ray. Brilliant Ray is legally and beneficially owned as to 50.0% by Mr. Lam and as to 50.0% by Mr. Fong. As such, Mr. Lam and Mr. Fong, being Controlling Shareholders, together control approximately 58.3% of the entire issued share capital of the Company.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the Exchange's website at www.hkexnews.hk, the GEM website at www.hkgem.com and the Company's website at www.aplusgp.com:

- (a) the Memorandum of Association and the Articles of Association of the Company;
- (b) the third quarterly report of the Company for the nine months ended 31 December 2017;
- (c) the Directors' report and the annual report of the Company for the financial year ended 31 March 2018;
- (d) the first quarterly report of the Company for the three months ended 30 June 2018;
- (e) the interim report of the Company for the six months ended 30 September 2018;
- (f) the circular of the Company dated 30 June 2017 in respect of re-election of retiring Directors, general mandates to issue and repurchase shares, and notice of annual general meeting;
- (g) the circular of the Company dated 29 June 2018 in respect of re-election of retiring Directors, general mandates to issue and repurchase shares, and notice of annual general meeting; and
- (h) a copy of each of the announcements and other corporate communications made by the Company as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|--------------------------------|--|
| “APF” | A.Plus Financial Press Limited, a company incorporated in Hong Kong with limited liability on 8 May 2002, and an indirect wholly-owned subsidiary of the Company |
| “API” | A.Plus International Financial Press Limited (優越國際財經印刷有限公司), a company incorporated in Hong Kong with limited liability on 3 January 2012, and an indirect wholly-owned subsidiary of the Company |
| “Articles of Association” | the articles of association of the Company adopted on 23 March 2016 and as amended from time to time |
| “associate(s)” | has the meaning ascribed to it under the Main Board Listing Rules |
| “Board” | the board of Directors |
| “Brilliant Ray” | Brilliant Ray Global Limited, a company incorporated in the BVI with limited liability on 18 January 2013, and is owned as to 50.0% by Mr. Lam and 50.0% by Mr. Fong, and is one of the Controlling Shareholders |
| “BVI” | British Virgin Islands |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “CCASS Operational Procedures” | the operation procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force |
| “Chairman” | the chairman of the Board, Mr. Lam |
| “China” or “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |

| | |
|------------------------------|--|
| “close associate(s)” | has the meaning ascribed to it under the Main Board Listing Rules |
| “Company” | A.Plus Group Holdings Limited (優越集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 20 April 2015, the issued Shares of which are currently listed on GEM |
| “Controlling Shareholder(s)” | has the meaning ascribed to it under the Main Board Listing Rules and in the context of the Company and for the purpose of this announcement, means Mr. Lam, Mr. Fong and Brilliant Ray |
| “Director(s)” | the director(s) of the Company |
| “Exchange’s website” | the official website of the Hong Kong Exchanges and Clearing Limited, being www.hkexnews.hk , which is used for publishing issuer’s regulatory information |
| “GEM” | GEM of the Stock Exchange |
| “GEM Listing” | the listing of Shares on GEM |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “IPO” | initial public offering |
| “Latest Practicable Date” | 23 December 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement |
| “Listing Rules” | collectively, the Main Board Listing Rules and the GEM Listing Rules |

| | |
|-----------------------------------|---|
| “Main Board” | the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM, and for the avoidance of doubt, it does not include GEM for the purpose hereof |
| “Main Board Listing Rules” | the Rules Governing the Listing of Securities on the Main Board |
| “Majestic Praise” | Majestic Praise Enterprises Limited (偉賞企業有限公司), a company incorporated in the BVI with limited liability on 19 March 2012 and is wholly-owned by Mr. Lim |
| “Memorandum of Association” | the memorandum of association of the Company adopted on 23 March 2016 and as amended from time to time |
| “Mr. Fong” | Mr. Fong Wing Kong (方永光), an executive Director and one of the Controlling Shareholders |
| “Mr. Lam” | Mr. Lam Kim Wan (林劍雲), the Chairman and an executive Director and one of the Controlling Shareholders |
| “Mr. Lim” | Mr. Lim Boon Yew (林文耀), a member of senior management of the Company |
| “Predecessor Companies Ordinance” | the predecessor Companies Ordinance (Chapter 32 of the laws of Hong Kong) as in force from time to time before 3 March 2014 |
| “Red Sun” | Red Sun Capital Limited, a corporation licensed by the Securities and Future Commission to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the sponsor for the Transfer |
| “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)” | the ordinary share(s) having a par value of HK\$0.01 each in the capital of the Company |

| | |
|------------------------------|--|
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share Option Scheme” | the share option scheme approved and adopted by the Company on 23 March 2016 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | has the meaning ascribed to it under the Main Board Listing Rules |
| “Track Record Period” | the three years ended 31 March 2018 and the six months ended 30 September 2018 |
| “Transfer” | the transfer of listing of the Shares from GEM to the Main Board |
| “%” | per cent. |

By order of the Board
A.Plus Group Holdings Limited
Lam Kim Wan
Chairman and Executive Director

Hong Kong, 2 January 2019

As at the date of this announcement, the executive Directors are Mr. Lam Kim Wan and Mr. Fong Wing Kong; and the independent non-executive Directors are Mr. Yue Ming Wai Bonaventure, Ms. Sze Tak On and Mr. Leung Siu Hong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and will also be published on the “Listed Company Information” page of the Exchange’s website at www.hkexnews.hk and on the Company’s website at www.aplusgp.com.