

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

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Given that the companies listed on the GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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This report, for which the directors (the “Directors”) of Zheng Li Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report 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 report misleading.

This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its posting. This report will also be published on the website of the Company at www.zhengliholdings.com.

CONTENTS

3	CORPORATE INFORMATION
5	FIRST QUARTERLY RESULTS
5	UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
6	UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
7	NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
10	MANAGEMENT DISCUSSION AND ANALYSIS
12	DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
12	DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES
13	SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY
14	DIRECTORS' INTEREST IN COMPETING BUSINESS
14	PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES
14	SHARE OPTION SCHEME
14	DIRECTORS' SECURITIES TRANSACTIONS
14	COMPLIANCE WITH CORPORATE GOVERNANCE CODE
15	COMPLIANCE WITH CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS' INTERESTS IN COMPETING BUSINESSES
15	INTEREST OF THE COMPLIANCE ADVISER
15	AUDIT COMMITTEE
15	MATERIAL ACQUISITION AND DISPOSAL
15	EVENTS AFTER THE REPORTING PERIOD
16	DIVIDENDS
16	APPRECIATION

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. CHUA Boon Hou (Cai Wenhao)
Mr. YAN Jianqiang
(Co-Chairman and Chief Executive Officer)
Mr. YUAN Guoshun (Co-Chairman)

NON-EXECUTIVE DIRECTOR

Mr. WU Tangqing

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG Yiu Cho
Mr. ZHANG Guangdong
Mr. DENG Bin

AUDIT COMMITTEE

Mr. LEUNG Yiu Cho (Chairman)
Mr. ZHANG Guangdong
Mr. DENG Bin

REMUNERATION COMMITTEE

Mr. LEUNG Yiu Cho (Chairman)
Mr. ZHANG Guangdong
Mr. YAN Jianqiang

NOMINATION COMMITTEE

Mr. ZHANG Guangdong (Chairman)
Mr. DENG Bin
Mr. YAN Jianqiang

RISK MANAGEMENT COMMITTEE

Mr. ZHANG Guangdong (Chairman)
Mr. CHUA Boon Hou (Cai Wenhao)
Mr. YAN Jianqiang

COMPLIANCE OFFICER

Mr. CHUA Boon Hou (Cai Wenhao)

COMPANY SECRETARY

Mr. WONG Cheung Ki Johnny, FCPA, ACIS, ACS

AUTHORISED REPRESENTATIVES

Mr. CHUA Boon Hou (Cai Wenhao)
Mr. WONG Cheung Ki Johnny, FCPA, ACIS, ACS

AUDITOR

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STOCK CODE

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COMPANY'S WEBSITE ADDRESS

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FIRST QUARTERLY RESULTS

The board (the “Board”) of Directors of the Company is pleased to report the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2019 together with the unaudited comparative figures for the corresponding period in the year 2018.

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

For the three months ended 31 March

	Notes	2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)
REVENUE	3	5,479	3,763
Other income and gains		56	75
Items of expense			
Cost of materials		(2,852)	(2,113)
Marketing and advertising expenses		(46)	(54)
Employee benefits expense		(1,379)	(1,534)
Depreciation of property, plant and equipment		(466)	(459)
Amortisation of intangible assets		(32)	(11)
Finance costs		(66)	(53)
Other expenses		(936)	(1,084)
Loss before tax		(242)	(1,470)
Income tax expense	4	(82)	–
Loss for the period		(324)	(1,470)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(324)	(1,470)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted (S\$ cents)	6	(0.065)	(0.29)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital S\$'000	Share premium S\$'000	Available- for-sale investment revaluation reserve S\$'000	Merger reserve S\$'000	Retained profits/ (accumulated losses) S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000
At 1 January 2018 (audited)	900	8,982	8	3,884	(1,511)	–	12,263
Loss for the period	–	–	–	–	(1,470)	–	(1,470)
Total comprehensive loss for the period	–	–	–	–	(1,470)	–	(1,470)
At 31 March 2018 (unaudited)	900	8,982	8	3,884	(2,981)	–	10,793
At 1 January 2019 (audited)	900	8,982	–	3,884	(5,530)	(1)	8,235
Loss for the period	–	–	–	–	(324)	–	(324)
Total comprehensive loss for the period	–	–	–	–	(324)	–	(324)
Foreign currency translation	–	–	–	–	–	2	2
At 31 March 2019 (unaudited)	900	8,982	–	3,884	(5,854)	1	7,913

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 17 March 2016. The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622) is at Room 1001, 10th Floor, Shui On Centre, Nos. 6-8 Harbour Road, Wanchai, Hong Kong

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the business of:

- (1) maintenance and repair of passenger cars;
- (2) modification, tuning and grooming of the performance or appearance of passenger cars and trading of spare parts and accessories;
- (3) timeshare car rental and long-term car rental; and
- (4) provision of sales integrated service platform.

2. Basis of preparation

The unaudited financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRSs") which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

On 1 January 2018, the Group has adopted all the new and revised IFRSs issued by IASB that are relevant to its operations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and has no material effect on the financial performance or position of the Group.

The unaudited financial statements have been prepared under the historical cost convention, except for an available-for-sale investment, which has been measured at fair value. The unaudited financial statements are presented in Singapore dollar ("SGD" or "S\$") and all values are rounded to the nearest thousand ("S\$'000"), except when otherwise indicated.

Basis Of Consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries for the three months ended 31 March 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

3. Revenue

Revenue represents services rendered to customers less any discounts and invoiced trading sales of spare parts.

	Three months ended 31 March 2019 S\$'000 (Unaudited)	Three months ended 31 March 2018 S\$'000 (Unaudited)
Maintenance and repair services	4,183	3,099
Modification, tuning and grooming services and trading of spare parts	921	664
Others	375	–
	5,479	3,763

4. Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Subsidiaries in Singapore are subject to taxation at a rate of 17% on the estimated profits arising in Singapore during the period.

Subsidiaries in People's Republic of China (the "PRC") are subject to taxation at a rate of 25% on the estimated profits arising in PRC during the period.

	Three months ended 31 March 2019 S\$'000 (Unaudited)	Three months ended 31 March 2018 S\$'000 (Unaudited)
Current income tax — Current period	82	–
Tax expense for the period	82	–

5. Dividends

The Board did not recommend the payment of any dividend for the three months ended 31 March 2019 (2018: Nil).

6. Loss per share attributable to ordinary equity holders of the parent

As at 31 March 2019, the Company had 500,000,000 ordinary shares in issue. The Company was listed on the GEM on 8 November 2016 by way of placing of 125,000,000 new shares and capitalisation of 375,000,000 shares resulting in 500,000,000 ordinary shares in issue. The calculation of basic earnings per share is based on the following data:

	Three months ended 31 March 2019 S\$'000 (Unaudited)	Three months ended 31 March 2018 S\$'000 (Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share		
Loss for the period attributable to owners of the Company	(324)	(1,470)
	Three months ended 31 March 2019 '000 (Unaudited)	Three months ended 31 March 2018 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	500,000	500,000

Basic loss per share for the three months ended 31 March 2019 is S\$(0.065) cents (2018: S\$(0.29) cents).

No adjustment has been made to the basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the three months ended 31 March 2019 and 2018.

7. EVENTS AFTER THE REPORTING PERIOD

With effect from 4 April 2019, each of the issued and unissued ordinary shares of the Company be subdivided into four (4) ordinary shares. As at the date of this report, the Company had 2,000,000,000 ordinary shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is a leading automotive service provider in Singapore. We have over 15 years of experience in the passenger car service industry, and offer a comprehensive range of passenger car services including (i) maintenance and repair services; (ii) modification, tuning and grooming services; and (iii) provision of extended warranty program. We have the capability to maintain and repair a wide range of brands of passenger cars in Singapore and are equipped with diagnostic equipment for carrying out such services. Maintenance and repair services continue to be a key focus of the Group, contributing approximately 76.3% and 82.4% of total revenue for the three months ended 31 March 2019 and 2018, respectively. We modify and tune mainly luxury and ultra-luxury passenger cars, providing services ranging from aesthetic modifications including installing bodykits, to performance modifications including lowering the suspension of passenger cars and replacing the engine control unit. We also sell passenger car spare parts and accessories in Singapore and export to other countries, such as Malaysia, Indonesia, United Kingdom, PRC and Thailand. We have continued to expand our range of tuning products and services to meet new customer demands and this segment has realised an increase of 38.7% in revenue from approximately S\$0.7 million for the three months ended 31 March 2018 to approximately S\$0.9 million for the three months ended 31 March 2019.

Our management is confident of the Group's strong performance in our key market Singapore due to the Group's competitive strengths which include: (i) we are a leading automotive service provider in Singapore with comprehensive service offerings and the capability to repair a wide range of brands of passenger cars; (ii) we collaborate with established car dealers in Singapore and have strong relationships with car tuning parts suppliers; (iii) we focus our modification, tuning and grooming services on luxury and ultra-luxury passenger cars, which has strengthened our brand name; (iv) we focus on providing high quality customer service and stringent quality control; and (v) we have an experienced senior management team who is supported by a team of talented and well-trained technicians.

In 2018, the Group planned for new development strategies such as new energy car "car sharing" and "new retail sales". Leveraging on the dual momentum of industrial development and capital operation and taking advantage of the "Internet +" trend, we seek to create new growth driver for our business in relation to car related industries such as car sales, car sharing and core spare parts. The new businesses will provide a prime opportunity for the Group to diversify the Group's scope of business, broaden the Group's sources of income and achieve better return to the shareholders.

On 27 July 2018, World Brilliant Investments Limited, an indirect wholly-owned subsidiary of the Company has established a direct subsidiary namely 深圳嗒程科技有限公司 (Shenzhen Dacheng Technology Limited*). It primarily engages in businesses such as the timeshare car rental and long-term car rental. It is committed to developing the "Internet +" car sharing and rental market in PRC. As at 31 March 2019, the subsidiary has contributed approximately S\$0.4 million revenue for the Group.

On 3 August 2018, Dragon Hero International Limited, an indirect wholly-owned subsidiary of the Company has established a direct subsidiary namely 鄭州車主角汽車銷售有限公司 (Zhengzhou Car Zhujiào Car Sales Limited*). With an innovative concept of platform operation, it provides its customers with an innovative car rental and sales integrated service platform which covers car sales, car financing service, car rental service and car insurance service.

Outlook

2018 is a year of many changes for the Singapore passenger car market. Since February 2018, the Singapore government implemented a zero car and motorcycle growth rate policy. The new policy will result in a number of changes in the market, including an expected fall of total registered vehicles in Singapore, and increased retention of vehicles via renewed certificates of entitlements (COEs).

In addition, the market for taxi transportation services have reportedly doubled since private hire and self-operated car services have begun operating in Singapore. The total number of chauffeur-driven private-hire car is about 1.5 times that of taxis, according to the numbers released by the Land Transport Authority of Singapore in 2017. The private-hire car industry is expected to grow and evolve further. This presents an opportunity for the Group to increase its customer base, with private car owners that increasingly require maintenance and repair services. The Group aims to continue to increase our customer base in the highly fragmented passenger car maintenance and repair market, by enhancing our servicing capacity, market reputation and service quality. The Group will pursue the following key business strategies: (i) continue to strengthen our leading market position in Singapore and expand our servicing capacity and customer base; (ii) continue to increase the brands of car tuning parts that we offer; (iii) further strengthen our brand, operational efficiency and sales and marketing efforts, and improve our customer service quality; and (iv) continue to attract, train and retain skilled employees to support our future growth and expansion.

Since September 2017, the Group began operating additional units of workshops at our new Sin Ming Autocity service centre, a new 8 storey complex located across our existing Sin Ming Service Centre. The new workshops include accident repair facilities such as aluminium welding centre, spray painting preparation area, a section for Chromax low emission spray painting activities, low bake oven and wheels alignment system. This is to cater for the Group's expansion of its services to include car bodywork involving panel beating and spray painting which we subcontracted previously. This expansion allowed the Group to qualify as an approved reporting centre ("ARC") and authorised repairer ("Authorised Repairer") for insurance companies. An insured who is involved in any car accident, will report the accident to the insurance company's ARC within 24 hours or by the next working day. The Group has been appointed by several insurance companies, as an Authorised Repairer, where we render repair services in respect of the insured vehicles. Further, the Group has entered into an agreement with an international insurance company and offer warranty programme ("Extended Warranty Programme") to both new and used passenger cars. Under the Extended Warranty Programme, the Group provides authorised automobile repair and maintenance services for the insured customers and receive a warranty revenue from the programme. The Extended Warranty Programme allows the Group to provide supplemental services to its existing customers and expand its customer base.

Moving forward, the Group will focus on maintaining its leading position in the Singapore passenger car market. We shall continue to expand our service and product offerings as customer demands and trends shift. The management will continue to forge stronger bonds with our customers, suppliers and working partners to continue to provide the premier passenger car services in the Singapore passenger car market. Looking ahead and analysing the broader market development, with the global push towards electrification of transport, the global electric car market will likely transition from early development to mass market adoption in the next 10 to 20 years.

In Singapore, the government has already implemented policies and incentives such as the new vehicular emissions scheme where only full-electric cars will qualify for the top-tier rebate of S\$20,000 under this new scheme. Other initiatives include the launch of the first electric vehicle sharing service in December 2017 with 80 cars and 32 charging stations across the island. On 31 July 2018, the Land Transport Authority (LTA) has granted a full-fledged Taxi Service Operator Licence to operate at least 800 electric taxis within four years of receiving the licence, or by 31 July 2022. Currently, Grab operates the largest electric and hybrid vehicle fleet in South East Asia and it is to bring in 200 new electric vehicles which will be rolled out in Singapore from early 2019. Adoption rate in Singapore will largely be affected by government policies and incentives and availability of charging stations across the island. In preparation of the market developments, the Group will continue to pursue technological advancement in both repair equipment and new vehicle engine type to ensure that our technicians continuously upgrade their skills and technical knowledge in order for them to be able to service a wide range of brands of passenger cars which drives the future development of the car maintenance and repair market in Singapore.

Financial review

Revenue

Revenue of the Group increased by approximately S\$1.7 million or approximately 45.6% from approximately S\$3.8 million for the three months ended 31 March 2018 to approximately S\$5.5 million for the three months ended 31 March 2019. This is mainly due to increases in both our maintenance and repair services and modification, tuning and grooming services and trading of spare parts segments. This is mainly a result of the increased capacity and service offerings with the new Sin Ming Autocity service centre. One of our new subsidiaries in PRC has reported a revenue of approximately S\$0.4 million for the three months ended 31 March 2019 has also contributed to the revenue increase.

Loss for the period

The Group recorded a loss for the three months ended 31 March 2018 of approximately S\$1.5 million, while a loss of approximately S\$0.3 million was recorded for the three months ended 31 March 2019. The decrease in loss for the period was mainly due to an increase in gross profit and gross profit margin from both our businesses in Singapore and PRC market.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, none of the Directors, chief executives of the Company or their respective associates had any interests or short positions in any shares (the "Shares") of the Company, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise, notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time during the three months ended 31 March 2019 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2019, the interests and short positions of substantial shareholders and other persons (other than the Directors or the chief executives of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions in the Shares:

Name	Capacity/Nature of Interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the Company as at 31 March 2019
Mr. LI Jie	Beneficial owner	146,505,000 ⁽¹⁾⁽³⁾	29.3%
Mdm. HAN Mei ⁽²⁾	Interest of spouse	146,505,000 ⁽¹⁾⁽³⁾	29.3%

Notes:

- (1) This is based on the total Shares in issue as at 31 March 2019, being 500,000,000.
- (2) Mdm. HAN Mei is the spouse of Mr. LI Jie ("Mrs. Li"). Under the SFO, Mrs. Li is deemed to be interested in the same number of Shares in which Mr. LI Jie is interested.
- (3) With effect from 4 April 2019, each of the issued and unissued ordinary shares of the Company be subdivided into four (4) ordinary shares. As at the date of this report, the number of Shares of Mr. LI Jie and Mrs. Li is 586,020,000 and the percentage of interest in the Shares remain unchanged.

Save as disclosed above, as at 31 March 2019, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no other person or corporation (other than the Directors and chief executives of the Company) who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the three months ended 31 March 2019.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2019.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 21 October 2016 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted during the three months ended 31 March 2019 and as at the date of this report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and each of them has confirmed that his compliance with the required standards set out in the Model Code during the three months ended 31 March 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising shareholders' interests.

Pursuant to code provision A.2 of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "CG Code"), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. YAN Jianqiang is currently a co-chairman and the chief executive officer of the Group. The Board believes that vesting the roles of both co-chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Directors consider that during the three months ended 31 March 2019 and thereafter to the date of this report, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

COMPLIANCE WITH CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31 March 2019, none of the Directors had an interest in a business (other than those businesses where the Director were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with businesses of the Group.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Messis Capital Limited, neither Messis Capital Limited nor any of its directors, employees or close associates had any interest in the securities of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation of the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser service provided by Messis Capital Limited) as at the date of this report.

AUDIT COMMITTEE

The Group's first quarterly results for the three months ended 31 March 2019 were unaudited. The Company's audit committee (the "Audit Committee") has reviewed the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019. A meeting of the Audit Committee was held with the management of the Company for, amongst other things, reviewing the unaudited condensed consolidated results of the Group for the three months ended 31 March 2019.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates during the three months ended 31 March 2019.

EVENTS AFTER THE REPORTING PERIOD

Share subdivision

With effect from 4 April 2019, each of the issued and unissued Share of par value of HK\$0.01 each in the share capital of the Company be subdivided into four (4) subdivided shares of par value of HK\$0.0025 each.

Amendments to the Articles of Associations

With effect from 4 April 2019, certain amendments were made to the memorandum and articles of association of the Company for the purpose of, amongst others, (i) reflecting the new par value of the existing issued and unissued Shares of the Company; (ii) establishing and facilitating and facilitating the operation of a co-chairman structure of the Company; and (iii) other housekeeping amendments.

DIVIDENDS

The Board did not recommend the payment of any dividend for the three months ended 31 March 2019 (2018: Nil).

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to the shareholders, business partners and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the period.

By Order of the Board
Mr. YAN Jianqiang
*Co-Chairman, Chief Executive Officer
and Executive Director*

15 May 2019, Hong Kong