UNION ASIA ENTERPRISE HOLDINGS LTD
萬亞企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8173)

SHARE OFFER

Sponsor

MESSIS 大有融資

Financial Adviser to the Company

OPTIMA CAPITAL
Optima Capital Limited

Underwriter

KINGSTON SECURITIES

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

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SHARE OFFER

Number of Offer Shares under the Share Offer :	**227,679,850 New Shares (including 113,839,925 Reserved Shares under the Preferential Offering) (subject to re-allocation)**
Offer Price :	**HK$0.19 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value :	**HK$0.0001 per New Share**
Stock code :	**8173**

Sponsor

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Financial Adviser to the Company

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

The Offer Price is HK$0.19 per Offer Share. Applicants for Offer Shares are required to pay, on application, the Offer Price of HK$0.19 for each Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%.

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

The Share Offer (including the Preferential Offering) is conditional upon the fulfilment of the conditions set out under the section headed "Structure and conditions of the Public Offer and the Preferential Offering – Conditions of the Share Offer" in this prospectus. Pursuant to the provisions of the Underwriting Agreement, the Underwriter also has the right, in certain circumstances, to terminate the obligations of the Underwriter by notice in writing to the Company at any time on or before 8:00 a.m. (Hong Kong time) on the date of Completion. Such events include, but without limitation to, acts of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout involving Hong Kong, the PRC and any other jurisdiction. It is important that you refer to the section headed "Underwriting" in this prospectus for further details.

An announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.unionasiahk.com if there is any change to the expected timetable.

4 November 2019

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by the Company solely in connection with the Share Offer and the Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction (other than Hong Kong) or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. The Company has not authorised any persons to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained or made in this prospectus must not be relied on by you as having been authorised by the Company, the Sponsor, the Underwriter, any of their respective directors, affiliates, employees or representatives or any other person or party involved in the Share Offer. The contents on the website at www.unionasiahk.com, btrworkshop.com and btr.com.hk do not form part of this prospectus.

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The following expected timetable is indicative only and is subject to change. If necessary, further announcement in relation to the revised timetable will be published as and when appropriate.

Despatch of **BLUE** Application forms to Qualifying Shareholders	Monday, 4 November 2019
Prospectus and **WHITE** and **YELLOW** Application forms available to the public in Hong Kong	Monday, 4 November 2019
Application Lists open[2]	11:45 a.m. on Thursday, 7 November 2019
Latest time to lodge the **WHITE**, **YELLOW** and **BLUE** Application Forms	12:00 noon on Thursday, 7 November 2019
Latest time to give **electronic application instructions** to HKSCC[3]	12:00 noon on Thursday, 7 November 2019
Application Lists close[2]	12:00 noon on Thursday, 7 November 2019
Announcement of the level of applications in respect of the Public Offer and the Preferential Offering and the basis of allocation of the Public Offer Shares and the Reserved Shares to be published on the website of the Company at **www.unionasiahk.com**[4] and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Wednesday, 13 November 2019
Announcement of results of allocations in the Public Offer and the Preferential Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to apply for Public Offer Shares and Reserved Shares – 10. Publication of Results" in this prospectus from	Wednesday, 13 November 2019
Results of allocations in the Public Offer and the Preferential Offering will be available at **www.unioniporesults.com.hk** with a "search by ID" function from	Wednesday, 13 November 2019
Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Public Offer and the Preferential Offering on or before[5][6]	Wednesday, 13 November 2019
Despatch/collection of refund cheques in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and the Preferential Offering on or before[6][7]	Wednesday, 13 November 2019
Latest time for termination of the Underwriting Agreement	Wednesday, 13 November 2019
Announcement of completion of the Acquisition and the Share Offer	Wednesday, 13 November 2019
Expected effective date of the Creditors Schemes	Wednesday, 13 November 2019
Resumption and dealing in the New Shares/Offer Shares commence	9:00 a.m. on Thursday, 14 November 2019
Odd lot matching arrangement commences	Thursday, 14 November 2019
Last day of free exchange of existing share certificate for New Shares	Friday, 22 November 2019
Odd lot matching arrangement ends	Thursday, 5 December 2019

Notes:

1. All times and dates refer to Hong Kong local times and dates, unless otherwise stated.

2. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 7 November 2019, the Application Lists will not open on that day. Particulars of the arrangements are set forth under the section headed "How to apply for Public Offer Shares and Reserved Shares — 9. Effect of bad weather on the opening of the Application Lists" in this prospectus.

3. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed "How to apply for Public Offer Shares and Reserved Shares — 5. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

4. None of the websites or any of the information contained on the websites forms part of this prospectus.

5. Share certificates for the Public Offer Shares and Reserved Shares are expected to be issued on or about Wednesday, 13 November 2019 but will only become valid certificates of title at 8:00 a.m. on Thursday, 14 November 2019 provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreement has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

6. Applicants who apply on **WHITE** or **BLUE** Application Forms for 1,000,000 or more Public Offer Shares or Reserved Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates (where applicable) in person from the Company's Hong Kong Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 13 November 2019 or such other date as notified by the Company. Applicants being individuals who are eligible for personal collection may not authorise any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Company's Hong Kong Share Registrar.

   Applicants who apply on **YELLOW** Application Forms for 1,000,000 or more Public Offer Shares and have provided all information required by the Application Form may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their designated CCASS Participants' stock account or CCASS Investor Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** and **BLUE** Application Form applicants.

   Applicants who have applied for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for Public Offer Shares and Reserved Shares — 13. Despatch/Collection of share certificates and refund monies — Personal collection — (iii) If you apply by giving electronic application instructions to HKSCC via CCASS" in this prospectus for details.

   Applicants who have applied for less than 1,000,000 Public Offer Shares or Reserved Shares and any uncollected share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant Application Form. Further information is set out in the sections headed "How to apply for Public Offer Shares and Reserved Shares — 12. Refund of application monies" and "13. Despatch/Collection of share certificates and refund monies" in this prospectus.

7. Refund cheques will be issued in respect of wholly or partially unsuccessful application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" in this prospectus.

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

There are risks associated with any investment. You should read the section headed "Risk factors" in this prospectus carefully before you decide whether to invest in the Offer Shares.

BACKGROUND

References are made to (i) the Circular; and (ii) the subsequent announcements of the Company dated 30 May 2019, 24 June 2019, 1 August 2019, 12 August 2019, 5 September 2019, 23 September 2019, and 22 October 2019.

Trading in the Shares on the Stock Exchange has been suspended since 20 March 2017 and the Company was required to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets. On 24 May 2019, the Stock Exchange granted the in-principle approval to the new listing application and on 29 May 2019, the Circular was despatched.

On 24 June 2019, relevant resolutions approving the transactions contemplated under the Proposed Restructuring, including, among others, the Capital Reorganisation, the Share Offer, the Creditors Schemes, the Acquisition, the Investor Loan Capitalisation and the Whitewash Waiver were duly passed at the EGM. For details of the transactions contemplated under the Proposed Restructuring, please refer to the Circular.

On 4 September 2019, the Scheme Meeting was convened, and the Creditors Schemes were approved by the requisite statutory majorities of the Creditors. The Company then submitted the results of the Scheme Meeting to the Grand Court and the High Court. The sanction of the Cayman Scheme by the Grand Court and the sanction of the Hong Kong Scheme by the High Court had been obtained by the Company on 20 September 2019 (Cayman Island time) and on 19 September 2019 respectively.

On 6 September 2019 (Cayman Island time), the Grand Court had confirmed the Capital Reduction, and on 18 October 2019, the Stock Exchange had granted its approval for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation. A copy of the order by the Grant Court confirming the Capital Reduction and the minutes containing the particulars required under the Companies Law were then filed and duly registered with the Registrar of Companies in the Cayman Islands. The Capital Reorganisation had become effective on 22 October 2019.

As part of the structure of the Proposed Restructuring, the Company proposes to raise in aggregate approximately HK$43.2 million, before expenses, by way of the Share Offer comprising the Public Offer of 113,839,925 Public Offer Shares and the Preferential Offering of 113,839,925 Reserved Shares.

Pursuant to the Acquisition Agreement, the Company will acquire the entire share capital of the Target Company from the Investor for a consideration of approximately HK$144.4 million which will be satisfied by way of allotment and issue of 760,000,000 Consideration Shares at the Issue Price of HK$0.19 each. In addition, the Company also entered into the Investor Loan Agreement with the Investor pursuant to which the Investor shall provide or shall procure a party to provide the Investor Loan to the Company in the amount up to HK$23 million, which shall be settled in one lump sum on the Repayment Date by way of (a) the Investor Loan Capitalisation for the outstanding amount of the Investor Loan up to approximately HK$18 million and (b) in cash for any amount in excess of HK$18 million which shall be repaid out of the proceeds from the Share Offer.

The maximum number of the Capitalisation Shares for the settlement of the Investor Loan in the outstanding amount of up to approximately HK$18 million is 94,736,842 New Shares. Aggregating the Consideration Shares and the Capitalisation Shares, the Investor will then be interested in approximately 70.0% of the Enlarged Issued Share Capital upon Completion.

Each of the Investor and Mr. Norman Chan who are the Controlling Shareholders upon Completion undertakes to comply with the restrictions on disposal of the Shares stipulated under Rule 13.16A(1) of the GEM Listing Rules during the lock-up periods. For details of the undertaking, please refer to the section headed "Underwriting – Non-disposal undertakings by the Controlling Shareholders" in this prospectus.

The purpose of this prospectus is to provide you with, among other things, further details of (i) the Public Offer and the Preferential Offering (including the procedures for application and payment for the Offer Shares and/or Reserved Shares); (ii) the financial information of the Target Group and the Group; and (iii) the general information of the Target Group and the Group.

INFORMATION ON THE TARGET GROUP

Principal business

The Target Group was established in 1995 and is principally engaged in provision of interior design services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries. As at the Latest Practicable Date, the Target Group was a well-established and renowned interior design firm in Hong Kong, which including the senior management team, had 60 professional designers who possess relevant experience ranging from 2 years to over 30 years. With over 20 years of experience in the interior design industry in Hong Kong, the Target Group has served over 50 customers including multinational companies and listed companies in Hong Kong.

The Target Group's interior design business is project-based. A typical interior design project covers (i) design stage; and (ii) project execution stage. The design stage can be further divided into (i) schematic design stage to formulate design proposal; (ii) design development stage to compose detail drawings with specifications; and (iii) tender stage to modify drawings and advise customers on selection of craftspeople and tender negotiations. After the design drawings are finalised, the Target Group will proceed to project execution stage where the Target Group will oversee the execution process of the project to ensure proper execution of the design in accordance with the drawings and specifications and meeting customer's requirement. Depending on the complexity of the project, the typical operation flow of the Target Group generally takes one to three year(s) to complete.

The table below sets forth the number of projects and revenue generated by types of projects during the Track Record Period:

		For the year ended 31 March									For the three months ended 30 June					
		2017			2018			2019			2018			2019		
Types of project	Average project duration *(Note 2)* *(months)*	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)* *(unaudited)*	%	Number of projects	Revenue recognised *(HK$'000)*	%
Residential *(Note 1)*	35	53	47,271	69	66	46,665	76	71	53,820	77	53	12,274	71	63	11,987	74
Commercial *(Note 1)*	20	16	10,115	15	17	8,925	14	13	6,884	10	12	2,491	15	5	1,369	8
Show flat, sales office/ gallery and others	9	30	10,706	16	26	6,250	10	30	9,106	13	9	2,446	14	29	2,928	18
Total		99	68,092	100	109	61,840	100	114	69,810	100	74	17,211	100	97	16,284	100

Notes:

1. Residential projects were mainly interior design projects for private residences and residential clubhouses while commercial projects mainly represent interior design projects for hotels, offices, restaurants, bookstores and cinemas.

2. The average project duration takes into account both of (i) the actual project duration of completed projects during the Track Record Period; and (ii) the estimated average project duration of on-going projects based on the estimated completion dates of the projects.

History and development

The Target Group was founded in 1995 by Mr. Norman Chan, with the aim to provide modern architecture and contemporary design in Hong Kong. The philosophies of the Target Group are (i) to design with clarity and rigor, with understanding and sensitivity; (ii) to be intelligent, rational and authentic; and (iii) to be consistent from the germination of an idea through to the materialisation of the project. Under the mentioned philosophies, the leadership and effort of Mr. Norman Chan and other member of the management, the Target Group has developed, in a period of close to two decades, from a small studio to a team of 60 design professionals. For further details on key milestones in the development of the Target Group, please refer to the paragraph headed "Business development and milestones" under the section headed "History and background of the Target Group" in this prospectus.

Management profile

The Target Group has management teams with experience in the interior design industry in Hong Kong. The Company believes that the Target Group's experienced and stable management team has contributed to the success of the Target Group and will further enhance the Target Group's execution capabilities.

The Target Group adopts direct marketing strategies through contact with existing customer base and business referrals. Contracts are sourced principally through the business network and business contacts established by Mr. Norman Chan over the years as well as from referrals by recurring customers.

With respect to pricing strategies, the contract price of projects is based on the Target Group's estimated project time cost plus a mark-up margin, which is in turn determined with reference to customers' acceptable range of service price based on past dealings and a number of other factors including the scale, complexity and specification of the project, the Target Group's capacity, project duration, the estimated project time cost, historical fee charged for similar project, the current fee level in the market and the competitive conditions.

Customers

During the Track Record Period, the Target Group was mainly engaged by corporate clients for interior design services which contributed approximately 87%, 98%, 96% and 98% of the total revenue for each of the three years ended 31 March 2019 and the three months ended 30 June 2019 respectively. The remaining 13%, 2%, 4% and 2% of the total revenue was attributable to individual clients who occasionally engaged the Target Group for interior design services in private residence.

Breakdown of revenue of the Target Group by contract size is as below:

	For the year ended 31 March									For the three months ended 30 June					
	2017			2018			2019			2018			2019		
	Number of projects	Total contract sum (HK$'000)	Revenue recognised (HK$'000)	Number of projects	Total contract sum (HK$'000)	Revenue recognised (HK$'000)	Number of projects	Total contract sum (HK$'000)	Revenue recognised (HK$'000)	Number of projects	Total contract sum (HK$'000)	Revenue recognised (HK$'000) (unaudited)	Number of projects	Total contract sum (HK$'000)	Revenue recognised (HK$'000)
Less than HK$1 million	47	20,630	10,787	45	17,708	7,694	46	19,548	9,436	20	9,790	2,725	33	14,126	2,446
HK$1 million to HK$10 million	49	163,014	49,681	61	209,769	48,228	64	239,393	51,824	51	196,054	11,565	60	219,542	11,789
More than HK$10 million	3	34,530	7,624	3	34,530	5,918	4	49,177	8,550	3	34,530	2,921	4	49,607	2,049
	99	218,174	68,092	109	262,007	61,840	114	308,118	69,810	74	240,374	17,211	97	283,275	16,284

Breakdowns of revenue by nature of the Target Group's customers are as below:

Property developer vs. Non-property developer

Nature of customers	Number of customers with revenue contribution during Track Record Period	Number of projects carried out during Track Record Period	For the year ended 31 March						For the three months ended 30 June			
			2017		2018		2019		2018		2019	
			HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Property developer	32	177	57,194	84	55,921	90	63,745	91	16,415	95	15,718	97
Non-property developer	25	37	10,898	16	5,919	10	6,065	9	796	5	566	3
Total	57	214	68,092	100	61,840	100	69,810	100	17,211	100	16,284	100

Hong Kong/overseas listed company vs. Unlisted company/individual

Nature of customers	Number of customers with revenue contribution during Track Record Period	Number of projects carried out during Track Record Period	For the year ended 31 March						For the three months ended 30 June			
			2017		2018		2019		2018		2019	
			HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Hong Kong/overseas listed company	27	144	47,785	70	47,420	77	55,848	80	14,235	83	14,054	86
Unlisted company/individual	30	70	20,307	30	14,420	23	13,962	20	2,976	17	2,230	14
Total	57	214	68,092	100	61,840	100	69,810	100	17,211	100	16,284	100

Corporate customer vs. Individual customer

Nature of customers	Number of customers with revenue contribution during Track Record Period	Number of projects carried out during Track Record Period	For the year ended 31 March						For the three months ended 30 June			
			2017		2018		2019		2018		2019	
			HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Corporate customer	45	201	59,392	87	60,350	98	66,643	96	16,641	97	15,952	98
Individual customer *(Note 1)*	12	13	8,700	13	1,490	2	3,167	4	570	3	332	2
Total	57	214	68,092	100	61,840	100	69,810	100	17,211	100	16,284	100

Note:

1. Individual customers include natural persons and legal entities which engage the Target Group for interior design services for private residence.

Breakdown of revenue of the Target Group by geographical location of the properties is as below:

	For the year ended 31 March									For the three months ended 30 June					
	2017			2018			2019			2018			2019		
	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)* *(unaudited)*	%	Number of projects	Revenue recognised *(HK$'000)*	%
Hong Kong	80	55,708	81.9	89	51,069	82.6	97	61,513	88.1	59	14,089	81.9	86	15,487	95.1
PRC and Macau	11	6,557	9.6	8	4,469	7.2	6	1,501	2.2	5	858	5.0	5	167	1.0
Others *(Note 1)*	8	5,827	8.5	12	6,302	10.2	11	6,796	9.7	10	2,264	13.1	6	630	3.9
Total	99	68,092	100.0	109	61,840	100.0	114	69,810	100.0	74	17,211	100.0	97	16,284	100.0

Note:

1. Others include Sri Lanka, Malaysia, the Philippines, Japan and Thailand.

The top five customers of the Target Group during the Track Record Period mainly include Hong Kong blue chip listed property developers, Hong Kong property developers and hotel operators, and generally have over five years of business relationship with the Target Group. The top five customers contributed approximately 58%, 51%, 56% and 66% of the Target Group's revenue for the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 respectively. The directors of the Target Company are of the view that such customer concentration is not uncommon for interior design firms that specialise in serving corporate clients in Hong Kong and the business model is sustainable after taking into consideration: (i) the property market in Hong Kong is dominated by a few renowned property developers; (ii) stable and well established business relationship with property developers; (iii) the Target Group has a solid customer base; and (iv) mutual and complementary reliance by customers of the Target Group.

Suppliers and subcontractors

The Target Group is principally engaged in provision of interior design services and does not have any raw material suppliers. The Target Group produced most of the design drawings by its own in-house professional designers during the Track Record Period. The subcontracting costs accounted for less than HK$2 million of the total cost of services of the Target Group for each of the three years ended 31 March 2019 and the three months ended 30 June 2019.

COMPETITIVE LANDSCAPE OF THE TARGET GROUP

The interior design services market in Hong Kong is highly fragmented with over 1,000 market participants with no single market leader. Due to low barriers of entry, competition in the Hong Kong interior design services market is intense. For further information regarding the competitive landscape of the industry in which the Target Group operates, please refer to the section headed "Industry overview" in Appendix I to this prospectus.

COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES OF THE TARGET GROUP

The directors of the Target Company believe that the success of the Target Group is attributable to, among other things, the following competitive strengths: (i) possessing a team of professional designers who can deliver quality works and a strong experienced management team; (ii) having a well established reputation in the interior design industry; (iii) maintaining stable and long term relationship with customers and craftspeople; and (iv) ability to monitor and coordinate contractors effectively and efficiently. Please refer to the paragraph headed "Competitive strengths" under the section headed "Business of the Target Group" in this prospectus for further details.

The Target Group's goals are to achieve sustainable growth and further strengthen its overall competitiveness and business growth in the interior design industry in Hong Kong, which is pursued by implementing the following strategies: (i) continue to strengthen and maintain the Target Group's market position in Hong Kong; (ii) enhance brand recognition and strengthen marketing effort; and (iii) continue to recruit talents and enhance internal training to support future growth. For further details, please refer to the paragraph headed "Business strategies" under the section headed "Business of the Target Group" in this prospectus.

FINANCIAL INFORMATION OF THE TARGET GROUP

The table below sets forth selected information and analysis from the consolidated statements of profit or loss and other comprehensive income of the Target Group:

	For the year ended 31 March			For the three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Revenue	68,092	61,840	69,810	17,211	16,284
Gross profit	41,715	35,243	41,333	10,404	9,062
Profit and total comprehensive income for the year/period	21,161	16,475	17,166	4,795	2,859

During the Track Record Period, the Target Group mainly derived its revenue from the provision of interior design and execution services. Customers of the Target Group are mainly Hong Kong property developers and Hong Kong listed companies. For the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, the Target Group's revenue were approximately HK$68.1 million, HK$61.8 million, HK$69.8 million, HK$17.2 million and HK$16.3 million, respectively.

Revenue decreased by approximately HK$6.3 million, from approximately HK$68.1 million for the year ended 31 March 2017 to approximately HK$61.8 million for the year ended 31 March 2018. The decrease was mainly as a result of decreased revenue contribution from two residential projects in Hong Kong for Customer A, which were both substantially complete during the year ended 31 March 2017. The two residential projects had contributed revenue of approximately HK$6.4 million during the year ended 31 March 2017, while only approximately HK$1.6 million of revenue was recognised from these two projects for the year ended 31 March 2018. Revenue increased from approximately HK$61.8 million for the year ended 31 March 2018 to approximately HK$69.8 million for the year ended 31 March 2019. The increase was mainly attributable to the increase in residential project revenue of approximately HK$7.1 million. Revenue decreased from approximately HK$17.2 million for the three months ended 30 June 2018 to approximately HK$16.3 million for the three months ended 30 June 2019. The decrease was mainly attributable to the decrease in revenue from Customer E, which decreased by approximately HK$1.2 million, mainly due to there were four revenue contributing projects for the three months ended 30 June 2018 while only one revenue contributing project for the three months ended 30 June 2019 with Customer E.

The gross profit of the Target Group amounted to approximately HK$41.7 million, HK$35.2 million, HK$41.3 million, HK$10.4 million and HK$9.1 million for the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, respectively. The gross profit margins were 61.3%, 57.0%, 59.2%, 60.4% and 55.6% for the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, respectively. The decrease in gross profit margin for the year ended 31 March 2018 was mainly due to amendments to design plans for some of the interior design projects as requested by the customers, which had incurred additional staff hours, in particular a hotel interior design project with Customer A, which has a contract sum of approximately HK$11.5 million. Gross profit margin increased from approximately 57.0% for the year ended 31 March 2018 to approximately 59.2% for the year ended 31 March 2019. The lower gross profit margin for the year ended 31 March 2018 was mainly due to the aforementioned amendments to design plans which incurred additional staff costs. Gross profit margin decreased from approximately 60.4% for the three months ended 30 June 2018 to approximately 55.6% for the three months ended 30 June 2019. The decrease in gross profit margin was mainly due to a residential project with contract sum of approximately HK$12 million with Customer A and a show flat and sales office project with contract sum of approximately HK$1.4 million with Customer H had relatively higher gross profit margin of over 80% for the three months ended 30 June 2018. For further details, please refer to the section headed "Financial information of the Target Group" in this prospectus.

Net profit decreased from approximately HK$21.2 million for the year ended 31 March 2017 to approximately HK$16.5 million for the year ended 31 March 2018 and increased to approximately HK$17.2 million for the year ended 31 March 2019. Net profit decreased for the year ended 31 March 2018 mainly due to the decrease in gross profit of approximately HK$6.5 million. Net profit increased for the year ended 31 March 2019 mainly due to the increase in gross profit of approximately HK$6.1 million, a decrease in other gains of approximately HK$2.4 million and an increase in administrative expenses of approximately HK$2.7 million. Net profit decreased from approximately HK$4.8 million for the three months ended 30 June 2018 to approximately HK$2.9 million for the three months ended 30 June 2019. The decrease was mainly due to the decrease in gross profit of approximately HK$1.3 million.

Cost of services

	For the year ended 31 March						For the three months ended 30 June			
	2017		2018		2019		2018		2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Direct labour costs	26,067	98.8	25,805	97.0	27,353	96.1	6,594	96.9	6,319	87.5
Subcontracting costs	310	1.2	672	2.6	1,124	3.9	213	3.1	903	12.5
Others	–	–	120	0.4	–	–	–	–	–	–
	26,377	100.0	26,597	100.0	28,477	100.0	6,807	100.0	7,222	100.0

Cost of services of the Target Group primarily comprised direct staff costs, which were mainly the salaries of design professionals and subcontracting costs.

The table below sets forth selected information from the consolidated statements of financial position of the Target Group:

	As at 31 March			As at 30 June
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	129,078	68,081	57,403	59,829
Current liabilities	(57,605)	(57,775)	(48,151)	(51,504)
Net current assets	71,473	10,306	9,252	8,325
Non-current assets	4,279	11,288	11,354	18,133
Non-current liabilities	(423)	(290)	(136)	(3,129)
Net assets	75,329	21,304	20,470	23,329

Net assets decreased to approximately HK$21.3 million as at 31 March 2018 from approximately HK$75.3 million as at 31 March 2017, mainly due to the net effect of (i) net profit of approximately HK$16.5 million for the year ended 31 March 2018; and (ii) dividends paid of approximately HK$70.5 million during the year ended 31 March 2018. Net assets decreased slightly to approximately HK$20.5 million as at 31 March 2019, mainly due to the combined of (i) profit of approximately HK$17.2 million for the year ended 31 March 2019; and (ii) dividend payment of approximately HK$18.0 million during the year ended 31 March 2019. As at 30 June 2019, net assets increased to approximately HK$23.3 million, which was mainly due to the net profit of approximately HK$2.9 million for the three months ended 30 June 2019.

The table below sets forth selected information from the consolidated statements of cash flows of the Target Group:

	For the year ended 31 March			For the three months ended 30 June	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Operating profit before working capital changes	28,015	18,934	21,986	6,054	5,243
Net cash generated from operating activities	8,845	15,410	29,174	16,231	5,997
Net cash used in investing activities	(43,769)	(34,287)	(660)	(9)	(19)
Net cash generated from/(used in) financing activities	41,143	12,128	(27,849)	476	(2,484)
Net increase/(decrease) in cash and cash equivalents	6,219	(6,749)	665	16,698	3,494
Cash and cash equivalents at the beginning of year/period	20,123	26,342	19,593	19,593	20,258
Cash and cash equivalents at the end of year/period	26,342	19,593	20,258	36,291	23,752

Operating activities

The Target Group derives its cash inflow from operating activities primarily from the receipt of payments from the Target Group's interior design projects. Cash outflow from the Target Group's operating activities primarily includes staff costs, subcontracting fees, and all other operating expenses such as office rental, utilities and office expenses.

For the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, the Target Group recorded net cash generated from operating activities of approximately HK$8.8 million, HK$15.4 million, HK$29.2 million, HK$16.2 million and HK$6.0 million, respectively.

Key financial ratios

	As at/for the year ended 31 March			As at/for the three months ended 30 June
	2017	**2018**	**2019**	**2019**
Gross profit margin	61.3%	57.0%	59.2%	55.6%
Net profit margin	31.1%	26.6%	24.6%	17.6%
Return on equity	28.1%	77.3%	83.9%	N/A *(Note 1)*
Return on total assets	15.9%	20.8%	25.0%	N/A *(Note 1)*
Current ratio	2.2	1.2	1.2	1.2
Gearing ratio *(Note 2)*	0.6	2.0	1.6	1.4

Notes:

1. Return on equity and total assets are not applicable for the three months ended 30 June 2019 as it is not meaningful given the recorded net profit only represented amount for three months ended 30 June 2019.

2. Gearing ratio is calculated based on the total borrowings (including amounts due to directors and Whistle Up, and bank loans) divided by the total equity at the respective reporting date.

Please refer to the paragraph headed "Key financial ratios" under the section headed "Financial information of the Target Group" in this prospectus for further details.

RISK FACTORS FACED BY THE TARGET GROUP

There are certain risks involved in the Target Group's operations, many of which are beyond the control of the Target Group. A detailed discussion of the risk factors that the directors of the Target Company believe are particularly relevant to the Target Group is set out in the section headed "Risk factors" in this prospectus. The following lists out the major risk factors faced by the Target Group:

– the Target Group's revenue was generated from projects awarded by a limited number of customers and any significant decrease in the number and value of residential and commercial projects to be initiated by property developers in Hong Kong in the future may materially and adversely affect the Target Group's financial condition and operating results;

– there is a limited pool of qualified and high-quality candidates and any failure to retain and recruit qualified professionals, as well as retaining key management personnel, may adversely affect its business and growth;

– if the Target Group is unable to anticipate or respond effectively to its customers' preferences, its business prospects and financial performance could be adversely affected;

– the Target Group operates in a competitive industry and failure to enhance its competitiveness may result in loss of customers and market share; and

– the Target Group is affected by the development in the Hong Kong property market and the outlook of the Hong Kong economy.

RECENT DEVELOPMENTS SUBSEQUENT TO 30 JUNE 2019

Subsequent to the Track Record Period and up to the Latest Practicable Date, there were no material changes to the Target Group's business model and the revenue and cost structure. As far as the directors of the Target Company are aware, the Target Group's industry remained relatively stable subsequent to the Track Record Period, with no material adverse change in the general economic and market conditions in Hong Kong or the industry in which the Target Group operates that had affected or would affect the Target Group's business operations or financial condition materially and adversely. Subsequent to the Track Record Period and up to the Latest Practicable Date, the Target Group had secured 11 new projects with aggregate contract sum of approximately HK$18.9 million. Among the new contracts, the Target Group had secured a residential project with contract sum of over HK$6 million. As at the Latest Practicable Date, the Target Group had a total of 95 on-going projects with total contract sum of approximately HK$301.9 million which were in progress or to be commenced. Approximately HK$58.4 million is expected to be recognised as revenue for the period from 1 July 2019 to 31 March 2020 and approximately HK$89.2 million is expected to be recognised as revenue after the year ending 31 March 2020 from the backlog projects set forth below.

Backlog

The following table sets forth the revenue expected to be recognised for the year ending 31 March 2020 from the existing contracts as at 30 June 2019 (contracts that were obtained up to 30 June 2019) and the new contracts (contracts that were obtained subsequent to 30 June 2019 and up to the Latest Practicable Date) commenced or obtained but not yet commenced as at the Latest Practicable Date:

Types of project	Revenue expected to be recognised for the period from 1 July 2019 to 31 March 2020 from the existing contracts as at 30 June 2019 *(HK$'000)*	Revenue expected to be recognised for the period from 1 July 2019 to 31 March 2020 from the new contracts *(HK$'000)*	Revenue expected to be recognised after the year ending 31 March 2020 from the existing contracts as at 30 June 2019 *(HK$'000)*	Revenue expected to be recognised after the year ending 31 March 2020 from the new contracts *(HK$'000)*
Residential *(Note)*	39,548	4,458	70,907	12,348
Commercial *(Note)*	3,310	–	2,318	–
Show flat, sales office/ gallery and others	10,609	437	2,017	1,643
Total	53,467	4,895	75,242	13,991

Note: Residential projects were mainly interior design projects for private residences and residential clubhouses while commercial projects mainly represent interior design projects for hotels and offices.

The following table sets forth the backlog revenue expected to be recognised for and after the year ending 31 March 2020 by expected contract durations as at 30 June 2019:

	Revenue expected to be recognised for the period from 1 July 2019 to 31 March 2020 *(HK$'000)*	Revenue expected to be recognised after the year ending 31 March 2020 *(HK$'000)*	Total *(HK$'000)*
Contracts that have expected durations of one year or less	3,989 *(Note 1)*	127	4,116
Contracts that have expected durations of more than one year	54,373	89,106	143,479 *(Note 2)*
Total	58,362	89,233	147,595

Notes:

1. Revenue expected to be recognised for the period from 1 July 2019 to 31 March 2020 that have expected durations of one year or less include new contracts obtained subsequent to 30 June 2019 and up to the Latest Practicable Date but had not yet commenced work as at 30 June 2019 of approximately HK$260,000.

2. Revenue expected to be recognised for (i) the period from 1 July 2019 to 31 March 2020; and (ii) after the year ending 31 March 2020 from contracts that have expected durations of more than one year include new contracts obtained subsequent to 30 June 2019 and up to the Latest Practicable Date but had not yet commenced work as at 30 June 2019 of approximately HK$438,000 and HK$5,192,000, respectively.

SELECTED UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE RESTRUCTURED GROUP

Below sets out the unaudited pro forma adjusted consolidated net tangible assets and unaudited pro forma adjusted consolidated net tangible assets per share of the Restructured Group as at 31 March 2019 as extracted from the section headed "Unaudited pro forma financial information of the Restructured Group" set out in Appendix V to this prospectus:

	Unaudited consolidated net tangible liabilities of the Group as at 31 March 2019	**Unaudited consolidated net tangible liabilities of the Group per share as at 31 March 2019**	**Unaudited pro forma adjusted consolidated net tangible assets of the Restructured Group**	**Unaudited pro forma adjusted consolidated net tangible assets of the Restructured Group per share**
	HK$'000	*HK$*	*HK$'000*	*HK$*
Consolidated net tangible (liabilities)/assets attributable to owners of the Company	(489,977)	(0.143)	44,088	0.036

FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

Based on the unaudited pro forma financial information of the Restructured Group set out in Appendix V to this prospectus, if the Proposed Restructuring had been completed on 31 March 2019, the Restructured Group would have total assets of approximately HK$98.7 million, total liabilities of approximately HK$54.6 million and net assets of approximately HK$44.1 million. If the Proposed Restructuring had been completed on 1 April 2018, the Restructured Group would have profit for the year of approximately HK$306.6 million for the year ended 31 March 2019. The profit is mainly due to (i) gain on debt restructuring of the Group of approximately HK$457.0 million; (ii) deemed listing expenses of approximately HK$66.8 million; and (iii) estimated professional fees relating to the Proposed Restructuring of approximately HK$20.9 million to be additionally incurred by the Company, details of which are set out in notes 9(b), 10(a) and 4 to the unaudited pro forma financial statements of the Restructured Group as set out in Appendix V to this prospectus, respectively.

CONTROLLING SHAREHOLDERS AND PAST CONNECTED TRANSACTION

Immediately after the Completion, the Investor will directly hold approximately 70.0% of the issued share capital of the Company. The Investor is held as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok respectively. As such, each of the Investor and Mr. Norman Chan will became a Controlling Shareholder.

During the Track Record Period, the Target Group has entered into a tenancy agreement with Waldorf Holdings to rent offices and car parking spaces from Waldorf Holdings. Given that the entering into of tenancy agreement was one-off in nature and entered into prior to Completion, it will not be classified as connected transaction under Chapter 20 of the GEM Listing Rules. For more details, please refer to the section headed "Past connected transactions" in this prospectus.

DIVIDENDS

For the year ended 31 March 2018, the Target Group had declared and paid dividends of approximately HK$70.5 million. In December 2018, the Target Group declared and paid dividends of approximately HK$18.0 million. On 25 October 2019, the Target Company declared an interim dividend of approximately HK$19 million to the Investor. Save for the above, the Target Group did not declare any dividends during the Track Record Period and up to the Latest Practicable Date. The Company and the Target Group currently do not have a fixed dividend policy. The Board has the discretion to determine whether to declare any dividend for any period and, if it decides to declare a dividend, the amount of dividend to be declared. Pursuant to the Restructuring Framework Agreement, the Investor (being the ultimate sole owner of the Target Group prior to Completion) and the Company agreed that the Investor may, prior to the Completion and subject to applicable laws and regulations, procure each of the Principal Subsidiaries to declare and pay dividends to the Target Company of an aggregate amount no greater than the amounts of its retained earnings as at 31 March 2018 and as at 31 March 2019 and after such declaration of dividends by the Principal Subsidiaries, procure the Target Company to declare and pay dividends to the Investor prior to the completion of Acquisition (the "**Pre-Completion Dividends**") of an aggregate amounts no greater than the aggregate amount of the dividends declared by the Principal Subsidiaries provided that after the declaration and distribution of the Pre-Completion Dividends and having taking into account the working capital loan of HK$14 million to be provided by the Company to the Target Group within ten (10) Business Days after Completion, the Target Group shall have sufficient working capital for its business operations for the period up to 30 June 2020. The directors of the Target Company are considering to declare and distribute all of the Target Group's retained earnings as at 31 March 2019 as dividends to the Investor. The directors of the Target Company confirmed that any dividend payable will be settled prior to the Completion and will be funded by internally generated cash flows and/or borrowings.

The Target Group currently does not have a dividend policy. Any amount of dividends to be declared and paid by the Restructured Group will be at the discretion of the Directors taking into consideration the Restructured Group's future operations and earnings, capital requirements and surplus, general financial condition and such other factors that the directors of the Target Company consider appropriate. The dividend distribution record in the past may not be used as a reference or basis to determine level of dividends that may be declared or paid in the future. However, there is no assurance that dividends will be declared or paid in such amount, or at all, for each or any year.

NO MATERIAL ADVERSE CHANGE OF THE TARGET GROUP

The board of directors of the Target Company confirms that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or outlook of the Target Group since 30 June 2019 (being the date to which the latest audited consolidated financial statements of the Target Group were prepared), and there is no event since 30 June 2019 which would materially affect the information shown in the Accountants' Report set out in Appendix III to this prospectus.

CHANGE OF PRINCIPAL BUSINESS ACTIVITIES OF THE RESTRUCTURED GROUP AFTER RESUMPTION

The Investor does not intend to continue the existing businesses of the Group or continue the employment of any of the Company's existing employees. After completion of the Acquisition and the Disposal, the Restructured Group will be primarily engaged in provision of interior design services to premises, including but not limited to, private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries. Other than the introduction of the business of the Target Group and the Disposal, the Investor does not intend to introduce any major change to the Restructured Group's business (including any re-deployment of the Restructured Group's fixed assets).

TOTAL EXPENSES

The aggregate fees, together with the Stock Exchange listing fee, legal and other professional fees, printing and other expenses relating to the Resumption Proposal and the transactions contemplated thereunder, are estimated to be approximately HK$45.3 million in aggregate, of which approximately HK$42.7 million and HK$2.6 million are payable by the Company and Mr. Norman Chan, respectively.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Accepted Offer Applications"	the Offer Applications which have from time to time been accepted in whole or in part, pursuant to the Underwriting Agreement
"Accountants' Report"	the accountants' report on the Target Group set out in Appendix III to this prospectus
"Acquisition"	the sale by the Investor and the purchase by the Company of the Sale Shares pursuant to the Acquisition Agreement
"Acquisition Agreement"	the formal sale and purchase agreement dated 15 September 2017 (as amended and supplemented on 9 November 2017 and 28 June 2018, amended and restated on 23 November 2018 and 16 May 2019 and from time to time) and entered into between the Company and the Investor in relation to the Acquisition
"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Adjudicator"	such person with experience in the adjudication of creditors' claims as the Scheme Administrators, in their absolute discretion, shall appoint
"Admission"	the grant or agreement to grant by the Listing Department of the listing of and permission to deal in the New Shares on the GEM (including any additional New Shares that may be allotted and issued pursuant to the exercise of any options that may be granted under the share option scheme adopted by the Shareholders at the annual general meeting of the Company held on 30 July 2012)
"Admitted Claims"	all Claims (other than the secured portion of the Claims of a Secured Creditor or a Preferential Claim) against the Company which would be provable with reference to the relevant provisions in the Companies Law or the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the Effective Date and which have been admitted by the Scheme Administrators or the Adjudicator (as the case may be) in accordance with the Creditors Schemes
"Adoption"	adoption of the second amended and restated memorandum and articles of association of the Company, the details of which are set out in the section headed "Letter from the Board – XIII. Proposed Adoption of amended and restated memorandum and articles of association of the Company" in the Circular
"Amended and Restated Agreements"	the Restructuring Framework Agreement, the Acquisition Agreement and the Investor Loan Agreement amended and restated on 16 May 2019, respectively, and entered into between the Company and the Investor on the same date

"Application Form(s)"	the **WHITE** and **YELLOW** Application Forms to be used in connection with the Public Offer and the **BLUE** Application Form to be used in connection with the Preferential Offering in the agreed forms
"Application Lists"	the application lists in respect of the Public Offer and Preferential Offering
"Articles" or "Articles of Association"	the second amended and restated articles of association of the Company adopted on 24 June 2019 and as amended from time to time, a summary of which is set out in Appendix VI to this prospectus.
"associates"	has the meaning ascribed to it under the GEM Listing Rules or the Takeovers Code, as appropriate
"Assured Entitlement"	the entitlement of the Qualifying Shareholders to apply for the Reserved Shares on an assured basis pursuant to the Preferential Offering determined on the basis of their respective shareholdings in the Company as of 4:30 p.m. on the Assured Entitlement Record Date
"Assured Entitlement Record Date"	1 November 2019, the date by reference to which entitlements under the Assured Entitlement on the Preferential Offering are to be determined
"Authorised Share Capital Increase"	the increase of the authorised share capital of the Company to HK$10,000,000 divided into 100,000,000,000 New Shares of nominal value of HK$0.0001 each after the Share Consolidation, the Capital Reduction and the Unissued Share Capital Cancellation becoming effective
"Available Reserved Shares"	the Reserved Shares not taken up by the Qualifying Shareholders' Assured Entitlement
"**BLUE** Application Form(s)"	the application form(s) to be used by the Qualifying Shareholders to subscribe for the Reserved Shares under the Preferential Offering
"Board"	the board of Directors
"BTR Asia"	BTR (ASIA) LIMITED, a company incorporated in Hong Kong with limited liability and a member of the Target Group
"BTR HK"	BTR (HK) LIMITED, a company incorporated in Hong Kong with limited liability and a member of the Target Group
"BTR Intl"	BTR (INTL) LIMITED, a company incorporated in Hong Kong with limited liability and a member of the Target Group
"BTR Workshop"	BTR WORKSHOP LIMITED, a company incorporated in Hong Kong with limited liability and a member of the Target Group

"Business Day(s)"	any day (other than a Saturday or a Sunday or a public holiday or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capital Reduction"	the (i) cancellation of any fractions in the issued share capital of the Company arising from the Share Consolidation and (ii) reduction of the nominal value of the issued Shares (immediately upon the Share Consolidation becoming effective) from HK$4.0 to HK$0.0001 each by cancelling the paid-up capital to the extent of HK$3.9999 on each of the issued Consolidated Shares
"Capital Reorganisation"	the reorganisation of the share capital of the Company comprising, inter alia, the Share Premium Cancellation, the Share Consolidation, the Capital Reduction, the Unissued Share Capital Cancellation and the Authorised Share Capital Increase, details of which has been set out in the Resumption Proposal Announcement
"Capitalisation Shares"	up to 94,736,842 New Shares to be allotted and issued to the Investor pursuant to the Investor Loan Capitalisation, which shall represent approximately 7.8% of the Enlarged Issued Share Capital upon Completion
"Cayman Scheme"	the proposed scheme of arrangement to be entered into between the Company and the Creditors pursuant to section 86 of the Companies Law with, or subject to the approval and any modification, addition or conditions approved or imposed by the Grand Court
"CB Undertaking"	the undertaking given by the holders of the Convertible Bonds under which they undertake not to exercise the conversion rights attaching to the Convertible Bonds up to Completion and undertake to procure the transferee(s) to provide similar undertaking if they transfer the Convertible Bonds
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person permitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person permitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant.
"China", "Mainland China" or "PRC"	the People's Republic of China and for the purposes of this prospectus only, except where the context requires otherwise, references to China or the Mainland China or the PRC exclude Hong Kong, Taiwan and Macau
"Circular"	the circular of the Company dated 29 May 2019 in relation to, among other matters, the Proposed Restructuring
"Claim(s)"	the claim(s) of the Creditors against the Company as at the Effective Date of the Creditors Schemes
"Companies Law"	the Companies Law (2018 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended from time to time
"Company"	Union Asia Enterprise Holdings Limited (stock code: 8173), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
"Completion"	completion of the Acquisition, the Share Offer, the Investor Loan Capitalisation and the Creditors Schemes becoming effective, which will take place simultaneously
"Concert Group"	the Investor and parties acting in concert with it
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	the amount of approximately HK$144,400,000, being the consideration for the Sale Shares
"Consideration Share(s)"	the 760,000,000 New Shares to be allotted and issued as fully paid by the Company to the Investor under the Acquisition Agreement and the Restructuring Framework Agreement

"Consolidated Share(s)"	the consolidated shares of HK$4.0 each in the capital of the Company upon the Share Consolidation becoming effective
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules and unless the context requires otherwise, refers to the controlling shareholder(s) of the Company upon Completion namely the Investor and Mr. Norman Chan
"Convertible Bonds"	5-year convertible bonds in an aggregate principal amount of US$50,000,000 and interest at the rate of 2% per annum issued on 12 May 2015 which will expire on 12 May 2020
"Corporate Bonds"	8-year corporate bonds in an aggregate principal amount of HK$30,000,000 with an interest rate of 4.5% per annum which will mature in 2023
"Creditors"	the creditors of the Company whose claims arose out of or had their origin in any matter occurring before the Effective Date and whether known or unknown, whether present, future or contingent, whether sounding in equity, contract, tort or under statute and whether liquidated or yet to be ascertained or whose claims against the Company which would be provable in a winding up of the Company under either the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Companies Law if an order for the winding up of the Company were made on the Effective Date, including the Existing Convertibles but excluding any amount due under the Transaction Loan (if any), the Investor Loan and any liability or debt incurred in relation to the preparation of the Proposed Restructuring, and where the Company has Secured Creditors and/or Preferential Creditors, the balances, if any, of whose secured debts or Preferential Claim due or treated under the Creditors Schemes as due from the Company and remaining unsatisfied after realisation or valuation of the underlying Security Interest pursuant to the terms of the Creditors Schemes and falling to be treated thereunder as an unsecured Claim
"Creditors Schemes"	the schemes of arrangement to be entered into between the Company and its Creditors pursuant to Sections 666 to 675 of the Companies Ordinance and Section 86 of the Companies Law with, or subject to, any modification, addition or conditions approved or imposed by the High Court and the Grand Court
"Creditors Schemes Assets"	all the assets and entitlement to assets owned and enjoyed, directly or indirectly, by the Company immediately before the Creditors Schemes becoming effective including but not limited to all the equity interests held by the Company in the Scheme Companies but excluding any asset which is the subject of a Security Interest unless and until the Security Interest has been released pursuant to the Creditors Schemes

"Creditors Schemes Consideration"	(i) the Creditors Shares with a value of approximately HK$13.4 million; and (ii) such other sums as may be realised by the Scheme Administrators from the Creditors Schemes Assets
"Creditors Shares"	up to 70,331,984 New Shares, credited as fully paid up, to be allotted and issued by the Company to the Scheme SPC as part of the Creditors Schemes Consideration
"Deed of Non-competition"	the deed of non-competition dated 22 May 2019 and entered into by the Controlling Shareholders in favour of the Company (for itself and as trustee of its subsidiaries), particulars of which are set out in the section headed "Relationship with the Controlling Shareholders – Deed of Non-competition" in this prospectus
"Director(s)"	the directors of the Company
"Disposal"	the Scheme Companies to be transferred from the Group to the Scheme SPC
"Effective Date"	the registration date of the order sanctioning the Hong Kong Scheme granted by the High Court with the Companies Registry in Hong Kong and the registration date of the order sanctioning the Cayman Scheme granted by the Grand Court with the Registrar of Companies in the Cayman Islands, whichever is the later
"eForce"	eForce Holding Limited, being the holder of the Convertible Bonds in the outstanding principal amount of US$13 million with an annual coupon rate of 2% which will mature on 12 May 2020, and being a Shareholder holding approximately 0.179% of the total issued share capital of the Company as at the Latest Practicable Date
"EGM"	the extraordinary general meeting of the Company held on 24 June 2019 at which all the resolutions in relation to the Capital Reorganisation, the Share Offer, the Creditors Schemes (which also constitutes the Special Deal pursuant to Rule 25 of the Takeovers Code), the Acquisition, the Investor Loan Capitalisation, the Whitewash Waiver and any other matters as required by law, the GEM Listing Rules, the Takeovers Code, the Stock Exchange and/or the SFC, which are necessary to give effect to Resumption Proposal and the transactions contemplated under the Acquisition Agreement, the Investor Loan Agreement and the Restructuring Framework Agreement, appointment of proposed Directors, and the Adoption have been approved
"Enlarged Issued Share Capital"	the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares, the Creditors Shares, the Capitalisation Shares and the Consideration Shares

"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time or any of his delegate(s)
"Existing Convertibles"	all the convertible bonds, options and all other securities issued by the Company prior to the Effective Date which are convertible into shares or confer on the holder thereof the rights to subscribe for any shares in the Company which remain valid and outstanding
"Existing Substantial Shareholder"	Mr. Yeung Wing Yee, who was interested in 16,935,200 New Shares, representing approximately 24.8% of the issued share capital of the Company as at the Latest Practicable Date
"Financial Adviser to the Company" or "Optima Capital"	Optima Capital Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Company in relation to the Proposed Restructuring
"First Twelve-Month Period"	the period from the date of the Completion and ending on the date which is twelve months from the date of Completion
"Frost & Sullivan"	Frost & Sullivan Limited, an independent global consulting firm engaged by the Company to prepare the Frost & Sullivan Report
"Frost & Sullivan Report"	an independent industry report prepared by Frost & Sullivan, an extract of which is set out in "Appendix I – Industry overview" to this prospectus
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Committee"	the Listing Committee of GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM from time to time
"Grand Court"	the Grand Court of the Cayman Islands
"Group"	the Company and its subsidiaries
"Governmental Authority"	any public, regulatory or governmental agency or authority (including, without limitation, the Stock Exchange and the SFC), other authority and any court at the national, provincial, municipal or local level
"High Court"	the High Court of Hong Kong
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKDA"	Hong Kong Designers Association

"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Scheme"	the proposed scheme of arrangement for the Company to be entered into between the Company and the Creditors pursuant to Sections 670 and 673 of the Companies Ordinance with, or subject to the approval and any modification, addition or conditions approved or imposed by the High Court
"Hong Kong Share Registrar"	Union Registrars Limited, the Company's Hong Kong share registrar and transfer office
"Independent Shareholder(s)"	the Shareholder(s), to the extent applicable in respect of each resolution, who are not members of the Concert Group and not involved or interested in (other than solely as a Shareholder) the transactions contemplated under the Restructuring Framework Agreement including the Capital Reorganisation, the Share Offer, the Creditors Schemes, the Acquisition, the Investor Loan Capitalisation, the Special Deal and the Whitewash Waiver and are not required to abstain from voting under the GEM Listing Rules and/or the Takeovers Code and therefore permitted to vote in respect of the resolution(s) to approve the Capital Reorganisation, the Share Offer, the Creditors Schemes, the Acquisition, the Investor Loan Capitalisation, the Special Deal and the Whitewash Waiver at the EGM
"Independent Third Party(ies)"	a person(s) or company(ies) who or which is/are independent of and not connected (within the meaning of the GEM Listing Rules) with the Company and its connected persons
"Investor" or "Whistle Up"	Whistle Up Limited, a company incorporated in the BVI with limited liability which is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok
"Investor Loan"	an unsecured loan in the amount up to HK$18 million (which was amended to HK$23 million on 16 May 2019) provided or to be provided by the Investor to the Company, among which, (i) as to HK$18 million for financing the professional fees and the work relating to the financial information of the Target Group and (ii) as to HK$5 million for the working capital for the business operations of the Group

"Investor Loan Agreement"	the loan agreement dated 5 December 2017 (as amended and restated on 23 November 2018 and 16 May 2019 and from time to time) and entered into between the Company and the Investor in relation to the provision of the Investor Loan
"Investor Loan Capitalisation"	the allotment and issue of the Capitalisation Shares by the Company to the Investor at the issue price of HK$0.19 each, the consideration of which shall be satisfied by setting off of up to approximately HK$18 million against the outstanding amount under the Investor Loan Agreement upon Completion
"Issue Price"	HK$0.19 per Consideration Share, the price at which the Consideration Shares are to be issued under the Acquisition Agreement
"Last Trading Day"	17 March 2017, being the last full trading day immediately before the suspension of trading in the Shares
"Latest Practicable Date"	28 October 2019
"Long Stop Date"	31 December 2019 or such other date as the parties to the Restructuring Framework Agreement and/or the Acquisition Agreement may agree
"Listing Date"	the first day on which the New Shares resume trading on the GEM
"Macau"	the Macau Special Administrative Region of the PRC
"Memorandum of Association" or "Memorandum"	the memorandum of association of the Company adopted on 24 June 2019 and as amended from time to time.
"Mr. Alex Lee"	Mr. Lee Alex Kam-fai, one of the proposed executive Directors
"Mr. Norman Chan"	Mr. Chan Norman Enrique, spouse of Ms. Susanna Kwok and one of the Controlling Shareholders and proposed executive Directors
"Mr. Yeung"	Mr. Yeung Sai Cheong
"Ms. Susanna Kwok"	Ms. Kwok Lai Yi, Susanna, spouse of Mr. Norman Chan
"New Public Shareholders"	the members of the public (for the avoidance of doubt, excluding the Concert Group, the Qualifying Shareholders, the Underwriter, its sub-underwriters and/or the subscribers procured by them)
"New Share(s)"	the ordinary share(s) of HK$0.0001 each in the capital of the Company immediately following the Capital Reorganisation becoming effective

"Non-Qualifying Shareholder(s)"	(i) Overseas Shareholder(s) to whom the Directors, based on advice provided by the legal advisers of the Company, are of the opinion that it would be necessary or expedient not to offer the Reserved Shares on account either of the legal restrictions under the laws of the relevant place or any requirements of the relevant regulatory body or stock exchange in that place; (ii) the Shareholder(s) who is a Director and/or a chief executive of the Company or any of a close associate of any of them; and (iii) the Shareholder(s) who has the power to appoint a Director or any other special rights
"Offer Applications"	applications for Offer Shares (either Reserved Shares or Public Offer Shares) made on the Application Forms and accompanied by cheques or banker's cashier orders for the full amount payable on application which are honoured on first presentation and otherwise in compliance with the terms of the Prospectus Documents
"Offer Shares"	New Shares to be allotted and issued under the Share Offer, being 227,679,850 New Shares (comprising the Reserved Shares and the Public Offer Shares)
"Offer Price"	HK$0.19 per Offer Share
"Open Offer"	the proposed issue of the offer shares on the basis of nineteen (19) offer shares for every one (1) New Share held by the Qualifying Shareholders on the record date at HK$0.19 per offer share under the Restructuring Framework Agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and 28 June 2018), which was subsequently replaced by the Preferential Offering under the Share Offer
"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Assured Entitlement Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
"PHP"	Philippines peso, the lawful currency of the Philippines
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the laws of Hong Kong) in force from time to time before 3 March 2014
"Preferential Claim(s)"	any Claim(s) of Creditors against the Company which would, if the Company had commenced to be wound up on the effective date of the Creditors Schemes, have been payable out of the assets of the Company pursuant to Section 265 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and/or Section 141 of the Companies Law in priority to the Claims of the general unsecured Creditors of the Company
"Preferential Creditor(s)"	Creditors to the extent to which they have Preferential Claims against the Company

"Preferential Offering"	the assured offering to the Qualifying Shareholders of up to 113,839,925 Reserved Shares (subject to re-allocation) as Assured Entitlement at the Offer Price on and subject to the terms and conditions as set out in the Prospectus Documents, being part of the Share Offer
"Principal Subsidiaries"	together, BTR Asia, BTR HK, BTR Intl and BTR Workshop
"Promissory Notes"	the unsecured promissory notes with principal amounts of HK$8,500,000 and HK$19,000,000, carrying 10% and 3% interest per annum and fall due on 10 June 2019 and 25 August 2018, respectively
"Prospectus Documents"	this prospectus and the Application Form(s)
"Proposed Restructuring"	the proposed restructuring of the Group, involving, among other things, the Capital Reorganisation, the Creditors Schemes, the Open Offer (amended to the Share Offer on 23 November 2018), the Acquisition and the Investor Loan Capitalisation (as amended on 16 May 2019)
"Public Offer"	the offer of the Public Offer Shares at the Offer Price for subscription by members of the public, on and subject to the terms and conditions of the Prospectus Documents
"Public Offer Shares"	113,839,925 New Shares being offered by the Company for subscription by members of the public (excluding the Qualifying Shareholders) under the Public Offer, pursuant to the terms and conditions set forth in the Prospectus Documents
"Qualifying Shareholder(s)"	the Shareholder(s) whose name(s) appear on the register of members of the Company on the Assured Entitlement Record Date other than the Non-Qualifying Shareholder(s)
"Repayment Date"	(i) the date of Completion; (ii) 2 January 2020; or (iii) the date of occurrence of an event of default under the Investor Loan Agreement, whichever is the earliest (or such later date as agreed by the Investor)
"Reorganisation"	the corporate reorganisation of the Target Group in preparation of the Acquisition, particulars of which are set out in the section headed "History and background of the Target Group" in this prospectus
"Reserved Shares"	113,839,925 New Shares (subject to re-allocation) proposed to be offered to the Qualifying Shareholders under the Preferential Offering as Assured Entitlement

"Restructuring Framework Agreement"	the restructuring framework agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and 28 June 2018, amended and restated on 23 November 2018 and 16 May 2019 and from time to time) entered into between the Company and the Investor in respect of the Proposed Restructuring
"Restructured Group"	the Group after completion of the Resumption Proposal
"Resumption Proposal"	the resumption proposal in relation to the Proposed Restructuring, submitted by the Company to the Stock Exchange
"Resumption Proposal Announcement"	the announcement of the Company dated 9 November 2017 in relation to the Resumption Proposal
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the entire issued share capital of the Target Company
"Scheme Administrators"	such persons who are appointed as the scheme administrators of their successors pursuant to the terms of the Creditors Schemes
"Scheme Companies"	all subsidiaries of the Company as at the date of this prospectus
"Scheme Creditor(s)"	all Creditors with Admitted Claims (for the avoidance of doubt, excluding the owner of Investor Loan and the owner of Transaction Loan if any)
"Scheme Meeting"	a meeting of the Creditors held on 4 September 2019 to consider, if thought fit, approve the Creditors Scheme
"Scheme SPC"	a special purpose vehicle to be established and controlled by the Scheme Administrators to hold the Creditors Schemes Assets
"Second Twelve-Month Period"	the twelve month period immediately following the First Twelve-Month Period
"Secured Creditor(s)"	Creditors whose debts are secured upon any Security Interest over property or assets of the Company
"Security Interest"	any mortgage, pledge, lien, charge, assignment, hire-purchase, title retention, leasing, sale-and–repurchase or sale-and-leaseback arrangement, pledge, lien, hypothecation, encumbrance or security interest of whatsoever kind or any other agreement having the effect of conferring security provided by the Company, whether relating to existing or future assets and whether conditional or not
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	the shares of HK$0.08 each in the capital of the Company prior to the Capital Reorganisation becoming effective, or where the context so permits, the New Shares after the Capital Reorganisation becoming effective, whether issued or unissued
"Shareholder(s)"	holder(s) of the Share(s)
"Share Consolidation"	the consolidation of every fifty (50) Shares of HK$0.08 each into one (1) Consolidated Share of HK$4.0 each
"Share Premium Cancellation"	the cancellation of the entire amount in the sum of HK$3,661,406,000 standing to the credit of the share premium account of the Company to set off against part of the accumulated losses of the Company
"Share Offer"	the Public Offer and the Preferential Offering
"Share Option Scheme"	the Share Options Scheme adopted by the Shareholders of the annual general meeting of the Company held on 30 July 2012, the principal terms of which are summarised in the section headed "Statutory and general information – F. Share Option Scheme" in Appendix VII to this prospectus
"Special Deal"	the proposed settlement under the Creditors Schemes of the Convertible Bonds in the outstanding principal amount of US$13 million held by eForce
"Specified Event"	event occurring or matter arising on or after the date of the Underwriting Agreement and prior to 8:00 a.m. (Hong Kong time) on the date of Completion which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties untrue or incorrect in any material respect
"Sponsor"	Messis Capital Limited, a corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the sponsor to the deemed new listing application of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Taiwan"	Taiwan, the Republic of China
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers

"Target Company"	the special purpose vehicle incorporated in the BVI with limited liability, namely Absolute Surge Limited, to hold the entire equity interest in the Principal Subsidiaries upon completion of necessary reorganisation steps, which is wholly-owned by the Investor
"Target Group"	together, the Target Company and the Principal Subsidiaries
"Tax Adviser"	RSM Tax Advisory (Hong Kong) Limited
"Track Record Period"	the three financial years ended 31 March 2019 and the three months ended 30 June 2019
"Transaction Loan"	a loan, if necessary, to be procured by the Company in a sufficient amount to finance all the professional fees and all costs and expenses in connection to the preparation of the Resumption Proposal and the transactions contemplated thereunder save for the Acquisition and the work relating to the financial information of the Target Company
"Underwriter"	Kingston Securities Limited, company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO, being the underwriter for the Share Offer
"Underwriting Agreement"	the underwriting agreement dated 22 November 2018 (as amended and restated on 16 May 2019) entered into among the Company, the Sponsor and the Underwriter in relation to the underwriting arrangement in respect of the Share Offer
"Underwritten Shares"	227,679,850 Offer Shares to be underwritten by the Underwriter pursuant to the terms and subject to the conditions set out in the Underwriting Agreement
"Unissued Share Capital Cancellation"	the proposed cancellation of the authorised but unissued share capital of the Company in its entirety immediately upon the Capital Reduction taking effect
"Untaken Shares"	the Underwritten Shares which have not been taken up by the Qualifying Shareholders under the Preferential Offering and/or by the members of the public under the Public Offer
"US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"Waldorf Holdings"	Waldorf Holdings Limited, a company incorporated in Hong Kong with limited liability on 3 July 2012, which is wholly owned by Mr. Norman Chan and is a connected person of the Company upon completion of the Acquisition
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's/applicants' own name
"Whitewash Waiver"	a whitewash waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code granted or to be granted by the Executive in respect of the obligations of the Investor to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by it which may arise as a result of the transaction(s) contemplated under the Acquisition Agreement, the Investor Loan Agreement and the Restructuring Framework Agreement
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"%"	per cent

This prospectus contains forward-looking statements that state the intentions, beliefs, expectations or predictions of the Group, the Target Group and the Restructured Group for the future that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. These forward-looking statements include all statements in this prospectus that are not historical facts, including, without limitation, statements relating to:

– the Restructured Group's operations and business prospects;

– the Restructured Group's strategies, plans, objectives and goals and its ability to implement such strategies and achieve its plans, objectives and goals;

– the Restructured Group's future capital needs and capital expectative plans;

– the amount and nature of, and potential for, future development of the Restructured Group's business;

– the Restructured Group's continual review of its operation and strategy;

– prospective financial matters regarding the Restructured Group's business, results of operations and financial condition;

– the future developments, trends and conditions of the interior design industry in Hong Kong;

– the regulatory environment relating to the interior design industry in Hong Kong; and

– the general political and economic environment in Hong Kong.

When used in this prospectus, the words 'aims', 'anticipate', 'believe', 'could', 'estimate', 'expect', 'going forward', 'intend', 'may', 'ought to', 'plan', 'project', 'seek', 'should', 'will', 'would' and similar expressions, as they relate to the Group, the Target Group and/or the Restructured Group, are intended to identify forward-looking statements. However, all statements in this prospectus other than statements of historical fact are forward-looking statements. Such forward-looking statements reflect the views of the management of the Group, the Target Group and/or the Restructured Group (as the case may be) as at the date of this prospectus with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Although the Directors believe that the expectations reflected in such forward-looking statements are reasonable, actual results and events may differ materially from information contained in the forward-looking statements as these statements are subject to uncertainties and assumptions, some of which are beyond the control of the Directors. Should one or more of these uncertainties materialise, or should the underlying assumptions prove to be incorrect, the results of operations and financial condition of the Group, the Target Group and/or the Restructured Group may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by the Company that its plans and objectives will be achieved or realised.

The forward-looking statements in this prospectus reflect the views of the management of the Group as of the date of this prospectus and are subject to change in light of future developments. Subject to the requirements of the GEM Listing Rules and the applicable laws, the Company does not intend to update or otherwise review the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise.

You should carefully consider the following risk factors together with all other information contained in this prospectus in considering the Share Offer. The occurrence of any of the following events or factors described below could materially and adversely affect the business, financial condition, results of operations and prospects of the Restructured Group. If these events occur, the trading price of the New Shares could decline and you may lose all or part of your investment. The risks and uncertainties described below may not be the only ones that are faced by the Restructured Group. Additional risks and uncertainties that are not aware of or currently believed to be immaterial may also adversely affect the Restructured Group's business, financial condition, results of operations and prospects.

RISK RELATING TO THE PROPOSED RESTRUCTURING

Completion of the Proposed Restructuring, which involves, among other things, the Share Offer, is subject to the fulfillment of conditions precedent and there is no assurance that they can be fulfilled and/or the Proposed Restructuring will be completed as contemplated

A number of the conditions precedent to the Completion as set out in the section headed "Structure and Conditions of the Public Offer and the Preferential Offering" in this prospectus involve the decisions of, and compliance with applicable laws and regulations by, third parties, including, among others, (i) the granting of approval by the Stock Exchange for the listing of and permission to deal in all of the New Shares, the Consideration Shares, the Capitalisation Shares, the Offer Shares and the Creditors Shares; (ii) the granting of approval by the Stock Exchange for the deemed new listing of the Company; and (iii) there are not less than 100 Accepted Offer Applications in respect of the Public Offer from the New Public Shareholders. As fulfillment of these conditions precedent is not within the control of the parties involved in the Proposed Restructuring, there is no assurance that the Proposed Restructuring, which involves, among other things, the Share Offer, will be completed as contemplated, or at all.

The Restructured Group is expected to record a non-recurring gain on debt restructuring attributable to the discharge of Claims under the Creditors Schemes

The unaudited gain on debt restructuring is estimated to be approximately HK$457.0 million which is non-recurring in nature and may impose a positive one-off effect on the financial performance of the Restructured Group in the financial year when the Proposed Restructuring is completed. For further information, please refer to note 9(b) to the unaudited pro forma financial statements of the Restructured Group as set out in "Appendix V – Unaudited pro forma financial information of the Restructured Group" to this prospectus.

The business to be acquired in the Acquisition is an interior design business which is entirely different from the existing businesses of the Group and the future direction of the Restructured Group will focus on interior design opportunities

The Group is currently principally engaged in trading of metals and securities. Upon Completion, the Restructured Group will no longer be engaged in the existing businesses which will be transferred under the Creditors Schemes along with the Scheme Companies. The Restructured Group will be principally engaged in the new business of provision of interior design services to premises, including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries. The interior design business differs entirely from the businesses of the Group at present. Shareholders and/or prospective investors should take care to understand the new business of the Restructured Group, which may involve risks entirely different from those currently faced by the Group.

RISKS RELATING TO THE BUSINESS OF THE TARGET GROUP

The Target Group's revenue was generated from projects awarded by a limited number of customers and any significant decrease in the number and value of projects secured from the Target Group's major customers will materially and adversely affect the Target Group's financial condition and operating results

Interior design projects undertaken by the Target Group are generally non-recurring. There is no guarantee that the Target Group can continue to secure new contracts from its customers after the completion of the existing contracts. The Target Group may be required to go through a competitive quotation process to secure new contracts.

During the Track Record Period, the Target Group's revenue was mainly derived from a limited number of property developers in Hong Kong. For each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019, revenue attributable to five largest customers accounted for approximately 57.7%, 51.1%, 55.6% and 66.0% of total revenue respectively. Given the fact that customers of the Target Group are mostly sizable property developers in Hong Kong, the directors of the Target Company expect that the Target Group's major customers will continue to account for a relatively large percentage of total revenue in the coming years. Throughout the Track Record Period, the largest five customers have had a business relationship with the Target Group for over five years in general. There is no assurance that the Target Group will continue to obtain projects from its major customers in the future. If there is a significant decrease in the number and value of projects awarded by the Target Group's major customers, the Target Group is unable to secure suitable projects of a comparable size and quantity as replacements from other customers, there is any deterioration of business relationships with its major customers, or there is any failure to expand its customer base continuously, the Target Group's financial condition and operating results would be materially and adversely affected.

In addition, in the event that the Target Group's major customers experience any liquidity problem, this may result in delay or default of payments to the Target Group, in which case the business, financial positions and prospects of the Target Group could be materially and adversely affected.

The Target Group's past revenue and profit margin may not be indicative of the Target Group's future revenue and profit margin, in particular, the Target Group's revenue is mainly derived from the provision of interior design services to property projects in Hong Kong during the Track Record Period, any significant decrease in the number of residential and commercial projects to be initiated by property developers in Hong Kong in the future may materially and adversely affect the Target Group's financial condition and operating results

For each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019, the Target Group's revenue amounted to approximately HK$68.1 million, HK$61.8 million, HK$69.8 million and HK$16.3 million, respectively, the Target Group's gross profit amounted to approximately HK$41.7 million, HK$35.2 million, HK$41.3 million and HK$9.1 million, respectively (representing gross profit margin of approximately 61.3%, 57.0%, 59.2% and 55.6%, respectively), while the Target Group's net profit amounted to approximately HK$21.2 million, HK$16.5 million, HK$17.2 million and HK$2.9 million, respectively (representing net profit margin of approximately 31.1%, 26.6%, 24.6% and 17.6%, respectively).

Over 80% of the Target Group's revenue is derived from the provision of interior design and execution services to property projects located in Hong Kong during the Track Record Period. The performance of the interior design industry is cyclical and could be significantly affected by various factors, including the fluctuations in economic conditions, the number of residential and commercial projects in Hong Kong and the Government policy on property market. There is no assurance that the demand for interior design services derived from property projects in Hong Kong will not decrease in the future due to, for instance, downturn of property market that slows down the property development projects by developers, as a result of which the Target Group's business, financial conditions and results of operations could be materially and adversely affected.

There is a limited pool of qualified and high-quality candidates and any failure to recruit qualified professionals may adversely affect its business and growth

There is a limited pool of high-quality candidates who have the skills, know-how and experience required for the Target Group's business. As the quality of the Target Group's design is the key to its business, attracting talent is an important task of its business strategy and expansion. The Target Group may have to offer better incentive packages and training opportunities to attract sufficient skilled staff to maintain its business operation and growth, which may increase its costs and reduce its profit margin. The Target Group cannot assure that it will be able to recruit its designers to support its future operations and growth when necessary. Any failure to do so may adversely affect its business and growth.

The Target Group's success is dependent on the retention of key management personnel, senior management and designers. Any failure in retaining key management personnel or hiring suitable talents may adversely affect the financial conditions and results of operations

The Target Group's success and growth has largely been attributed to the contributions and experiences of its directors, senior management and designers, in particular, their familiarity with clients' culture and business. Mr. Norman Chan, who is responsible for the overall business development, strategic planning and major decision making of the Target Group, possesses over 30 years of experience in the interior design industry. The key management personnel have had a long history of working with the clients and understand their needs and requirements. Moreover, the Target Group relies on its in-house designer team to deliver tailor-made interior designs that satisfy customers' requirement, while also offering coordination and monitoring throughout the project execution stage to ensure the design delivered by the Target Group is materialised as conceived. As competition for such personnel is intense, any failure to recruit and retain the necessary management personnel at any time, any failure to replace them in a timely manner or the need to incur additional expenses to recruit, train and retain personnel, such circumstances could harm its business and prospects. Moreover, it would be detrimental to the Target Group if any of the key personnel or senior management joins the competitors of the Target Group or forms a company that competes with the business of the Target Group. Under the circumstances, the competitive position and business prospects may be materially and adversely affected.

Negative publicity or damage to the Target Group's business reputation may have potential adverse impact on its business

The Target Group heavily relies on its reputation and the reputation of its team as contracts are generally obtained through customers who have experience and understanding in the quality of design and works of the Target Group. The directors of the Target Company believe that the Target Group has an established reputation in the interior design industry and is highly recognised for its capability to take up various type of projects and deliver quality designs that satisfy the customers' requirement. Negative publicity associated with the Target Group and/or its team could result in the loss of customers or lead to increasing difficulty in securing new projects based on the Target Group's reputation. If any customer who is not satisfied with works performed by the Target Group, raises any complaint regarding the Target Group which comes to the attention of the public, the Target Group's existing or potential customers, the business, brand and reputation may be adversely affected, which will in turn, adversely affect the growth prospects and financial condition of the Target Group.

Pricing for projects of the Target Group is based on estimated time and costs. Inaccurate estimation of time and costs or unexpected additional time and costs incurred in the actual performance of a project due to factors beyond the control of Target Group may affect its profitability

The Target Group has to estimate time and costs to undertake a potential project before making quotation / fee proposal / tender to customers. There is no assurance that the actual amount of time and costs would not exceed the budget. Factors beyond the control of the Target Group such as departure of key designers involved in the project, delay in services provided by drafting subcontractors and other unforeseen circumstances may incur additional time and costs in the performance of the projects. Any material inaccurate estimation in the time and costs may result in wrong pricing which adversely affect the Target Group's profit margin and results of operations.

If the Target Group is unable to anticipate or respond effectively to its customers' preferences, its business prospects and financial performance may be adversely affected

During the Track Record Period, the Target Group was responsible for developing interior design ideas for the projects. The customers generally compare design ideas and quotations of various interior design firms and select the designs which are most suitable for them. The Target Group believes that the continuing success depends on the capability to anticipate the preferences of the customers and develop interior design ideas which are suitable and preferred by its customers or potential customers. As customers' preferences for interior design are subjective in nature, the Target Group may fail to anticipate or respond effectively and timely to its customers' preferences. As a result, the business prospects and financial performance may be adversely affected.

The Target Group's business may suffer if it fails to provide quality services to its customers during defect liability period

The Target Group may be required by its customers to assist in coordinating rectification works performed by contractors during defect liability period in order to maintain strong and sustainable relationship with its customers. The Target Group believes that, by providing quality services, the Target Group will be able to attract and maintain recurring customers which are vital for its sustainable business growth. There is no guarantee that the Target Group can always provide decent quality services to its customers due to time constraint which may materially and adversely affect the Target Group's business, reputation and financial results.

The Target Group may be required to oversee the external contractors engaged by its clients in the project execution stage to ensure that the design plan is strictly adhered and meet customer's requirement

Upon providing the clients with the Target Group's design proposal, the Target Group will assist in monitoring the external suppliers and contractors engaged by clients in the project execution stage to ensure that fitting out works strictly adhere to the design plan and meet customer's requirement. Given that these suppliers and contractors are not engaged by the Target Group, there is no assurance that the Target Group will be able to monitor their performance directly and efficiently with its own staff. If the performance of the external suppliers or contractors does not conform with the design plan or meet its standards, the quality of the project may be affected, which could harm the Target Group's reputation. Additionally, if the external suppliers provide decoration materials of inferior quality to carry out the projects and if the defects in the materials are not discovered until after the completion of the projects, the Target Group may incur extra costs to maintain the service of monitoring rectification works. The clients of the Target Group may lose confidence in the quality of the services provided by the Target Group. As a result, the reputation, the financial performance and results of operation could be materially and adversely affected.

If the Target Group fails to meet the technical standards and design requirement of its clients, it may have to incur additional costs to amend the design plans which could harm its reputation and financial results

Target Group's clients are mostly renowned property developers which generally impose stringent requirement on technical standards (i.e. safety and functional requirements) and design (i.e. mood and concept). The Target Group may be required to amend design plans under the terms of quotations, which could incur significant additional costs. Failure to meet customers' requirement could harm the Target Group's reputation and hinder its ability to win future contracts. Technical defects in relation to safety could lead to personal injuries or property damages which could embroil the Target Group in potential litigation. In the above situations, the Target Group's business and financial performance could be materially and adversely affected.

There is no guarantee that the Target Group could receive project fee on time and in full. The Target Group's liquidity and financial position may be adversely affected if its customers default in, or delay, their payment obligations

During the Track Record Period, the Target Group generally received progress payment from its customers. The balance of contract assets amounted to approximately HK$13.0 million, HK$13.3 million, HK$17.9 million and HK$23.1 million while the trade receivables amounted to approximately HK$26.4 million, HK$31.3 million, HK$15.4 million and HK$9.8 million as at the year/period ended 31 March 2017, 2018 and 2019 and 30 June 2019, respectively. For details, please refer to the section headed "Financial information of the Target Group" in this prospectus. Contract assets represent the Target Group's rights to consideration for work completed but not billed at the respective reporting dates. There is no assurance that the Target Group will receive the amount in a timely manner as the customers may not agree on the Target Group's work completed stated in the progress billings submitted to them. Progress payment should generally be made by the customer within 120 days upon issuance of invoice. During the Track Record Period, the Target Group's customers are mainly property developers and some of them are subject to financial risks of inaccurate budgeting in their projects, or the projects being delayed. As a result, the Target Group may encounter difficulties in collecting payments from those customers who are having financial difficulties or delayed projects. There is no assurance that the customers in the future will not subsequently default in, or delay, their payment obligations. In the event the Target Group's customers default in all or a substantial portion of their payment obligations to the Target Group, the Target Group's financial conditions may be materially and adversely affected.

The Target Group may not be able to implement business strategies effectively to drive its growth

In light of the competitive environment of the high-end interior design industry in Hong Kong, the key to continuous growth of Target Group's business lies on its ability to successfully implement the business strategies as set out in the section headed "Business of the Target Group - Business strategies" in this prospectus which include (i) maintaining and strengthening market position in Hong Kong; (ii) enhancing brand recognition and strengthening marketing efforts; and (iii) recruiting talents and enhancing internal training to support future growth.

There is no assurance that the Target Group will be able to implement the aforesaid business strategies successfully within the reasonable time frame or budget. In the event that the Target Group fails to implement its business plans with reasonable budget in a timely manner if so required, the Target Group's business operations, financial performance and results of operations could be adversely affected.

Any future natural disaster, health epidemics or terrorist attacks may adversely affect the operational results of the Target Group

The Target Group's business is subject to general economic and social conditions in the regions it operates. Natural disasters, epidemics, terrorist attacks and other acts of God, which are beyond the Target Group's control, may adversely affect the economy, infrastructure and livelihood of people in the regions where the Target Group operates. Any suspension of operations will affect the Target Group's business and financial results.

The Target Group's insurance may not fully cover all the potential losses arising from its business

During the Track Record Period, all of the Target Group's revenue was derived from its provision of interior design services, and thus the Target Group's employees who worked on a project were covered by the employees' compensation insurance, and professional indemnity and liability insurance. For details, please refer to the section headed "Business of the Target Group – Insurance" in this prospectus. Nonetheless, there is no assurance that all potential losses and expenses incurred from damages or liabilities in relation to the Target Group's business can be fully covered by insurance. In the event that the Target Group suffers from any losses, damages or liabilities in the course of its business operations which the Target Group's insurance does not cover or is not adequately covered, it may not have sufficient funds to bear such losses, damages or liabilities. The resulting payment to cover such losses, damages or liabilities may have a material adverse effect on the business, results of operations and financial position of the Target Group.

The Target Group's short-term results of operations may not be indicative of the long-term results of operations

The Target Group's future revenues in a particular period may fluctuate as its revenues are recognised depending on the work progress, which may result in year-on-year fluctuations in revenues and profits. Accordingly, there can be no assurance that the Target Group's short-term results of operations are indicative of its long-term results of operations.

The Target Group recorded a non-recurring gain on disposal of property, plant and equipment during the Tack Record Period which was one-off in nature

The Target Group recorded a non-recurring gain on disposal of property, plant and equipment of approximately HK$3.2 million during the year ended 31 March 2018 which imposed a positive one-off effect on the financial performance of the Target Group during the year ended 31 March 2018. For further information, please refer to section headed "Financial information of the Target Group – Comparison of results of operations – The year ended 31 March 2018 compared with the year ended 31 March 2017 - Other (losses)/gains" to this prospectus.

Any recurrence of global financial crisis may have negative repercussions on the Target Group's target customers

The global financial crisis caused substantial volatility in capital markets and a downturn in the global market. The Target Group's major customers include Hong Kong property developers and Hong Kong listed companies. The recurrence of global financial crisis and any decline in the global economy may adversely affect the budgets or expansion plans of such customers, which may result in decrease in the demand for the Target Group's services. Furthermore, if a number of its current customers terminate their contracts with the Target Group due to financial constraints, the Target Group's operations and financial results may be adversely affected.

The Target Group's performance may be adversely affected by contractual dispute or litigation with its customers

The Target Group may be in dispute with its customers for various reasons. During the Track Record Period and up to the Latest Practicable Date, the Target Group did not have any dispute or litigation with its customers. Such disputes may arise in connection with late completion of work or delivery of substandard work. The handling of contractual disputes, litigation and other legal proceedings may sometimes involve a high degree of the Target Group's management's attention and input which on the other hand can be both costly and time-consuming, and may damage the Target Group's reputation which may affect its financial performance.

RISK RELATING TO THE INDUSTRY OF THE TARGET GROUP

The Target Group operates in a competitive industry and failure to enhance its competitiveness may result in loss of customers and market share

The Target Group operates in a highly fragmented interior design industry in Hong Kong and it faces intense competition not only from other integrated interior design solution providers but also registered architects and other outsource design houses. If the Target Group fails to compete effectively or maintain its competitiveness in the market, its business, financial condition and results of operations will be materially and adversely affected.

The Target Group's business may suffer if it does not respond effectively to changes in regulatory and industry standards

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

The Target Group is affected by the development in the Hong Kong property market and the outlook of the Hong Kong economy

The Target Group offers interior design services to its customers by its in-house designers. The demand for the Target Group's services is mainly driven by the need of stylish and well-designed residential homes, offices or other premises for its customers and the general economic environment in Hong Kong. Any sudden change in market expectation on the property industry may affect the buying or leasing decision of office space or residential properties by end users, and hence the demand for its services may be affected. Any concerns over the property market in Hong Kong due to the possibility for an increase in interest rate; and weaker economic momentum and outlook of the Hong Kong economy, may potentially affect property developers' overall budget allocated for interior design of their new property projects. Accordingly, the Target Group's results of operations and financial performance are affected by the market expectation on and prospects of the property industry.

RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG

Recent measures of the Hong Kong Government may have material adverse effect on the demand of interior design services

The Hong Kong Government has introduced certain measures that may reduce transaction volume in the property market. The imposition of special stamp duty and buyer's stamp duty has increased the transaction cost of purchases of residential properties and may deter potential property buyers and investors from acquiring residential properties. Efforts by the Hong Kong Government to slow down the pace of growth of the property market in Hong Kong may negatively affect the market and consequently impede the growth of the local property development industry. Measures that were introduced and those that may be introduced by the Hong Kong Government may lead to severe changes in market conditions and decreased demand for, properties in Hong Kong, and in turn affect the property development market. Any weakening in the Hong Kong property development sector could affect the demand for interior design services.

Economic, political and social considerations

The principal market and place of operation of the Target Group is Hong Kong. Hong Kong is a special administrative region of the PRC. It enjoys a high degree of autonomy under the principle of "one country, two systems" in accordance with the Basic Law of Hong Kong. However, the Target Group is not in any position to guarantee the same principle and the level of autonomy would be maintained as currently in place. Any change of Hong Kong's existing political environment may affect the stability of the economy in Hong Kong, thereby affecting the results of operations and financial positions of the Target Group. Any political and social instability in Hong Kong, if significant and prolonged, could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

RISKS RELATING TO THIS PROSPECTUS

Statistics and industry information contained in this prospectus may not be accurate and should not be unduly relied upon

Certain facts, statistics, and data presented in "Appendix I – Industry overview" to this prospectus and elsewhere in this prospectus relating to the industry in which the Target Group operates have been derived, in part, from various publications and industry-related sources prepared by government officials or Independent Third Parties. The Company believes that the sources of the information are appropriate sources for such information, and the Sponsor and the Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this prospectus. In addition, the Company has no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither the Company, the Directors, the Sponsor, nor any parties involved in the Proposed Restructuring, except Frost & Sullivan, have independently verified, or make any representation as to, the accuracy of such information and statistics. It cannot be assured that statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

The future results could differ materially from those expressed or implied by the forward-looking statements

Included in this prospectus are various forward-looking statements that are based on various assumptions. The future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed "Forward-looking statements" in this prospectus.

Shareholders and/or prospective investors should read this entire prospectus carefully and should not place any reliance on any information (if any) contained in press articles or other media regarding the Target Group and the Proposed Restructuring including, in particular, any financial projections, valuations or other forward looking statement

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to the Target Group and the Proposed Restructuring that is not set out in this prospectus. Neither the Company nor the Target Group, the Sponsor, the Financial Adviser, the Directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the "**Professional Parties**") involved in the Proposed Restructuring has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by the Company or any of the Professional Parties. Neither the Company nor any of the Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, the Company disclaims any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, Shareholders and/or prospective investors should not rely on any such information in making your decision as to whether to subscribe for the Share Offer. You should rely only on the information contained in this prospectus.

RISKS RELATING TO THE SHARE OFFER

The trading price of the New Shares may be volatile, which could result in substantial loss to you

The trading price of the New Shares can also be subject to significant volatility in response to, among other things, the following factors:

- investors' perception of the Restructured Group and its future business plan;
- variation in the operating results of the Restructured Group;
- the depth and liquidity of the market for the New Shares; and
- general economic and other factors in the interior design industry in Hong Kong.

In addition, the trading price of the New Shares may be volatile and could fluctuate widely in response to factors beyond the Restructured Group's control, such as general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the trading price performance of other companies in similar businesses may affect the trading price of the New Shares, regardless of the Restructured Group's actual operating performance. These broad market and industry factors may significantly affect the market price and volatility of the New Shares, regardless of the Restructured Group's actual operating performance.

Shareholders and/or prospective investors will experience immediate dilution and may experience further dilution if the Company issues additional New Shares in the future

The proposed Directors will constantly seek opportunities to pursue further growth and development of the Restructured Group's business. The Restructured Group may need to raise additional funds in the future to finance business expansion, new development and acquisitions. New Shares issued to existing and/or new Shareholders after the Share Offer may be priced at a discount to the then prevailing market price of the News Shares traded on the Stock Exchange. Under such circumstances, existing Shareholders' equity interests may be diluted. In the event of any failure to utilise the new equity to generate a commensurate increase in earnings, the earnings per New Share of the Company will be diluted, which may result in a decline in the New Share price.

Any disposal by the Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after Completion. The Group cannot predict the effect, if any, of any future sales of the Shares by any of the Controlling Shareholders, may have on the market price of the Shares. Sales of a substantial number of Shares by any of the Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

Historical dividends are not indicative of the future dividends

Subsidiaries of the Target Group declared dividends of nil, approximately HK$70.5 million, HK$18.0 million and nil for each of the three years ended 31 March 2019 and the three months ended 30 June 2019 respectively. On 25 October 2019, the Target Company declared an interim dividend of approximately HK$19 million to the Investor. The value of dividends declared and paid during the Track Record Period should not be relied on by potential investors as a guide to the future dividends of the Restructured Group or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. The amount of any dividends to be declared in the future will be subject to, among other factors, the Directors' discretion, having taken into account the availability of distributable profits, earnings, working capital, financial position, capital and funding requirements, the applicable laws and other relevant factors. In any event, there is no assurance that the Company will receive sufficient distribution from its subsidiaries to support any future profit distribution to the Shareholders, or that the amounts of any dividends declared by the Company in the future, if any, will be of a level comparable to dividends declared and paid by the Target Group in the past, or by other listed companies in the same industry as the Restructured Group.

PARTIES' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information 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 prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

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

UNDERWRITING

This prospectus is published solely in connection with the Public Offer and the Preferential Offering. For applicants under the Public Offer and the Preferential Offering, this prospectus and the Application Forms set out the terms and conditions of the Public Offer and the Preferential Offering.

The new listing application is sponsored by Messis Capital Limited. The Share Offer is fully underwritten by the Underwriter subject to the terms and conditions of the Underwriting Agreement. For further information about the Underwriter and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Sponsor, the Underwriter, any of their respective directors, officers, agents, employees or advisers or any other party involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions and grounds for termination, are set out in the section headed "Structure and conditions of the Public Offer and the Preferential Offering" in this prospectus, and the procedures for applying for the Offer Shares are set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" in this prospectus and on the relevant Application Forms.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Group and/or the Target Group since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

Prospective applicants for the Public Offer Shares and/or the Reserved Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Public Offer Shares and/or the Reserved Shares should inform themselves as to the relevant legal requirements of applying for the Public Offer Shares and/or the Reserved Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

RESTRICTIONS ON OFFER AND SALES OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and the related Application Forms may not be used for the purpose of, and do not constitute, an offer or invitation, nor are they calculated to invite or solicit offers in any jurisdiction (save for the Overseas Shareholder as described in the section headed "Letter from the Board – Rights of the Overseas Shareholders" in this prospectus) or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

Each person acquiring the Offer Shares (including the Reserved Shares) will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and the Application Forms, and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

The distribution of this prospectus and the Application Forms, and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States, except in compliance with the relevant laws and regulations of each of such jurisdiction.

APPLICATION FOR LISTING ON GEM

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the New Shares, the Consideration Shares, the Capitalisation Shares, the Offer Shares and the Creditors Shares. No part of the share or loan capital of the Company is listed or dealt in on any other stock exchange and, at present, no such listing or permission to deal is being or is proposed to be sought on any other stock exchange in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application for Offer Shares will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Stock Exchange.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of the Company must at all times be held by the public. Accordingly, no less than 25% of the total issued share capital of the Company will be held by the public immediately following the Completion.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares (including the Reserved Shares) are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing, purchasing, holding or disposing of, or dealings in, the Offer Shares. It is emphasised that none of the Company, the Sponsor, the Underwriter, any of their respective directors, agents or advisers or any other party involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription, purchase, holding or disposal of, or dealings in, the Offer Shares, or the exercise of any rights in relation to the Offer Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Subject to compliance with the second amended and restated memorandum and articles of association of the Company, the fully paid Offer Shares are freely transferable. All the Offer Shares will be registered in the Company's register of members maintained in Hong Kong by the Hong Kong Share Registrar, Union Registrars Limited. Only New Shares registered on the register of members of the Company maintained in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agree.

Dealings in the New Shares registered in the Company's share register maintained in Hong Kong will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty of 0.1% on the higher of the consideration for, or the market value of, the New Shares is charged to the purchaser on every purchase and to the seller on every sale of the New Shares. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the New Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

NEW SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect following the Capital Reorganisation or subject to contingent situation, any other date determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

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

All necessary arrangements have been made for the New Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions and grounds for termination, are set out under the section headed "Structure and conditions of the Public Offer and the Preferential Offering" in this prospectus.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES AND THE RESERVED SHARES

The procedures for applying for the Public Offer and the Reserved Shares are set out under the section headed "How to apply for Public Offer Shares and Reserved Shares" in this prospectus and on the relevant Application Forms.

COMMENCEMENT OF DEALINGS IN THE NEW SHARES

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 14 November 2019, it is expected that resumption on dealings of the New Shares in issue and the dealings in the Offer Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 14 November 2019. The New Shares will be traded in board lots of 40,000 New Shares each. The stock code of the New Shares will be 8173.

The Offer Shares (including the Reserved Shares) will be traded in board lots of 40,000 New Shares each. Qualifying Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 40,000 New Shares. Further, there is no fractional entitlements to the Reserved Shares; the Reserved Shares allocated to a Qualifying Shareholder will be rounded down to the nearest whole number if required. For further details of the Preferential Offering and the Assured Entitlement, please refer to the section headed "Structure and conditions of the Public Offer and the Preferential Offering – The Preferential Offering" in this prospectus.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

EXCHANGE RATES CONVERSION

For exchange rates translations throughout this prospectus (if any), we make no representation and none should be construed as being made, that any of the amounts contained in this prospectus could have been or could be converted into amounts of any other currency at any particular rate or at all on such date or any other date.

The following are the Directors and senior management as at the Latest Practicable Date and immediately following Completion:

EXISTING DIRECTORS *(Note)*

Name	**Address**	**Nationality**
Executive Directors		
Ms. Yip Man Yi (葉敏怡)	Flat C, 17/F, Tower 9 Parc Royale Tai Wai, New Territories Hong Kong	Chinese
Mr. Shiu Chi Tak, Titus (邵志得)	Flat 3, 5/F, Tong Wu House Yuk Po Court, Choi Yuen Road Sheung Shui Hong Kong	Chinese
Ms. Hung Wai Man (孔慧敏)	Flat 6, Floor 3, Block C Sun Lai Garden 2 King Tung Street Kowloon Hong Kong	Chinese
Independent non-executive Directors		
Dr. Wan Ho Yuen, Terence (溫浩源)	Flat E, 10/F, Block 2 Bamboo Mansion 3 Tak Hong Street Kowloon Hong Kong	Chinese
Mr. Li Kwok Chu (李國柱)	Flat G, 12/F, Block 2 The Pinnacle 8 Wan Hang Road, Tseung Kwan O, New Territories Hong Kong	Chinese
Mr. Lau Shu Yan (劉樹人)	Unit A, 5/F, Court B, Tower 2 Dragons Range, 33 Lai Ping Road Shatin, New Territories Hong Kong	Chinese

Note: All existing Directors will resign upon Completion.

PROPOSED DIRECTORS AND SENIOR MANAGEMENT

The following are the Director and senior management immediately after Completion:

Name	Address	Nationality
Executive Directors		
Mr. Chan Norman Enrique (陳樂文)	No. 19 Braga Circuit Ho Man Tin, Kowloon Hong Kong	Chinese
Mr. Lee Alex Kam-fai (李錦輝)	Flat D, 9/F, Block 6A Lions Rise, 8 Muk Lun Street Wong Tai Sin, Kowloon Hong Kong	Canadian
Independent non-executive Directors		
Mr. Kwong U Hoi Andrew (鄺宇開)	Flat C, 8/F Lung Cheung Court 15 Broadcast Drive Kowloon Tong, Kowloon Hong Kong	British
Mr. Wong Jonathan (黃若鋒)	Room 1A Cheerbond Court 156 Boundary Street Kowloon Tong, Kowloon Hong Kong	Canadian
Mr. Chi Chi Hung Kenneth (季志雄)	Unit 180A, Lin Fa Tei Kam Sheung Road Yuen Long, New Territories Hong Kong	Chinese
Senior management		
Mr. Leung Shiu Fung, Kevini (梁韶豐)	Flat B, 22/F Block 5 Lake Silver 599 Sai Sha Road Ma On Shan, New Territories Hong Kong	Chinese
Mr. Yeung Sai Cheong (楊世昌)	Flat 16, 5/F, Lung San House Lung Poon Court Diamond Hill, Kowloon Hong Kong	Chinese
Mr. Cheung Chi Kin (張智鍵)	Flat 1, 6/F, Block D Yat Mei House Yau Chui Court Yau Tong, Kowloon Hong Kong	Chinese

For further information on the background of the proposed Directors and senior management, please refer to the section headed "Directors and senior management of the Restructured Group" in this prospectus.

Sponsor to the Company	**Messis Capital Limited** *A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO* Room 1606, 16th Floor, Tower 2 Admiralty Centre 18 Harcourt Road Hong Kong
Financial Adviser to the Company	**Optima Capital Limited** *A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO* Unit 1501, 15/F Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Company	*As to Hong Kong Law* **Yuen & Partners** *Solicitors, Hong Kong* 10/F, Chiyu Bank Building 78 Des Voeux Road Central Hong Kong *As to Hong Kong Law on the Share Offer and the reverse takeover* **Michael Li & Co.** *Solicitors, Hong Kong* 19/F, Prosperity Tower 39 Queen's Road Central Central, Hong Kong *As to Cayman Islands Law* **Conyers Dill & Pearman** *Cayman Islands attorneys-at-law* Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands

Legal advisers to the Sponsor	*As to Hong Kong Law on the new listing application* **Fairbairn Catley Low & Kong** *Solicitors, Hong Kong* 23/F Shui On Centre 6-8 Harbour Road Hong Kong
Auditor and reporting accountants in relation to the Target Group	**RSM Hong Kong** *Certified Public Accountants* 29th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Auditor and reporting accountants in relation to the Group	**Elite Partners CPA Limited** *Certified Public Accountants* 10th Floor, 8 Observatory Road Tsimshatsui Kowloon Hong Kong
Internal control adviser	**AVISTA PRO-WIS Risk Advisory Limited** 23rd Floor, Siu On Centre No. 188 Lockhart Road Wan Chai Hong Kong
Industry consultant	**Frost & Sullivan Limited** Room 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Tax adviser	**RSM Tax Advisory (Hong Kong) Limited** 29th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Compliance adviser	**Messis Capital Limited** *A licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO* Room 1606, 16th Floor, Tower 2 Admiralty Centre 18 Harcourt Road Hong Kong
Receiving bank	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central Hong Kong

Registered office	P.O. Box 309 Ugland House Grand Cayman KYI-1104 Cayman Islands
Head office and principal place of business in Hong Kong	Unit A, 29/F CKK Commercial Centre 289-295 Hennessy Road Wanchai Hong Kong
Company's website	http://www.unionasiahk.com *(Contents contained in this website do not form part of this prospectus)*
Company secretary as at the Latest Practicable Date and after Completion	Ms. Hung Wai Man (HKICPA) (孔慧敏)
Authorised representatives as at the Latest Practicable Date	Mr. Shiu Chi Tak, Titus Flat 3, 5/F, Tong Wu House Yuk Po Court, Choi Yuen Road Sheung Shui, Hong Kong Ms. Hung Wai Man Flat 6, 3/F, Block C Sun Lai Garden, 2 King Tung Street Kowloon, Hong Kong
Authorised representatives after Completion	Mr. Chan Norman Enrique No. 19 Braga Circuit Ho Man Tin, Kowloon Hong Kong Mr. Lee Alex Kam-fai Flat D, 9/F, Block 6A Lion Rise, 8 Muk Lun Street Wong Tai Sin, Kowloon Hong Kong
Compliance officer as at the Latest Practicable Date	Ms. Yip Man Yi Flat C, 17/F, Tower 9 Parc Royale Tai Wai, New Territories Hong Kong

Compliance officer after Completion	Mr. Chan Norman Enrique No. 19 Braga Circuit Ho Man Tin, Kowloon Hong Kong
Audit committee as at the Latest Practicable Date	Dr. Wan Ho Yuen, Terence *(Chairman)* Mr. Li Kwok Chu Mr. Lau Shu Yan
Audit committee after Completion	Mr. Chi Chi Hung Kenneth *(Chairman)* Mr. Kwong U Hoi Andrew Mr. Wong Jonathan
Remuneration committee as at the Latest Practicable Date	Mr. Li Kwok Chu *(Chairman)* Mr. Lau Shu Yan Dr. Wan Ho Yuen, Terence
Remuneration committee after Completion	Mr. Kwong U Hoi Andrew *(Chairman)* Mr. Wong Jonathan Mr. Chi Chi Hung Kenneth
Nomination committee as at the Latest Practicable Date	Mr. Li Kwok Chu *(Chairman)* Mr. Lau Shu Yan Dr. Wan Ho Yuen, Terence
Nomination committee after Completion	Mr. Wong Jonathan *(Chairman)* Mr. Kwong U Hoi Andrew Mr. Chi Chi Hung Kenneth
Hong Kong Share Registrar	**Union Registrars Limited** Suites 3301-04, 33/F Two Chinachem Exchange Square 338 King’s Road North Point Hong Kong
Principal bankers of the Group	**Bank of China (Hong Kong) Limited** 24/F Bank of China Tower 1 Garden Road Hong Kong **Bank of Communications Co., Ltd.** 20 Pedder Street Central Hong Kong

Principal bankers of the Target Group	**The Hong Kong and Shanghai Banking Corporation Limited** Level 10 HSBC Main Building 1 Queen's Road Central Hong Kong
	China Citic Bank International Limited 61-65 Des Voeux Road Central Hong Kong

UNION ASIA ENTERPRISE HOLDINGS LTD
萬亞企業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8173)

Executive Directors:
Ms. Yip Man Yi
Mr. Shiu Chi Tak, Titus
Ms. Hung Wai Man

Independent non-executive Directors:
Dr. Wan Ho Yuen, Terence
Mr. Li Kwok Chu
Mr. Lau Shu Yan

Registered office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104 Cayman Islands

Head office and principal place of business in Hong Kong:
Unit A, 29/F.
CKK Commercial Centre
289-295 Hennessy Road
Wanchai, Hong Kong

4 November 2019

To the Shareholders

Dear Sirs,

SHARE OFFER

INTRODUCTION

References are made to (i) the Circular; and (ii) the subsequent announcements of the Company dated 30 May 2019, 24 June 2019, 1 August 2019, 12 August 2019, 5 September 2019 and 22 October 2019.

Trading in the Shares on the Stock Exchange has been suspended since 20 March 2017 and the Company was required to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets. On 24 May 2019, the Stock Exchange granted the in-principle approval to the new listing application and on 29 May 2019, the Circular was despatched.

On 24 June 2019, relevant resolutions approving the transactions contemplated under the Proposed Restructuring, including, among others, the Capital Reorganisation, the Share Offer, the Creditors Schemes, the Acquisition, the Investor Loan Capitalisation and the Whitewash Waiver were duly passed at the EGM. For details of the transactions contemplated under the Proposed Restructuring, please refer to the Circular.

On 4 September 2019, the Scheme Meeting was convened, and the Creditors Schemes were approved by the requisite statutory majorities of the Creditors. The Company then submitted the results of the Scheme Meeting to the Grand Court and the High Court. The sanction of the Cayman Scheme by the Grand Court and the sanction of the Hong Kong Scheme by the High Court had been obtained by the Company on 20 September 2019 (Cayman Island time) and on 19 September 2019 respectively.

On 6 September 2019 (Cayman Island time), the Grand Court had confirmed the Capital Reduction, and on 18 October 2019, the Stock Exchange had granted its approval for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation. A copy of the order by the Grant Court confirming the Capital Reduction and the minutes containing the particulars required under the Companies Law were then filed and duly registered with the Registrar of Companies in the Cayman Islands. The Capital Reorganisation had become effective on 22 October 2019.

As part of the structure of the Proposed Restructuring, the Company proposes to raise in aggregate approximately HK$43.2 million, before expenses, by way of the Share Offer comprising the Public Offer of 113,839,925 Public Offer Shares and the Preferential Offering of 113,839,925 Reserved Shares.

Pursuant to the Acquisition Agreement, the Company will acquire the entire share capital of the Target Company from the Investor for a consideration of approximately HK$144.4 million which will be satisfied by way of allotment and issue of 760,000,000 Consideration Shares at the Issue Price of HK$0.19 each. In addition, the Company also entered into the Investor Loan Agreement with the Investor pursuant to which the Investor shall provide or shall procure a party to provide the Investor Loan to the Company in the amount up to HK$23 million, which shall be settled in one lump sum on the Repayment Date by way of (a) the Investor Loan Capitalisation for the outstanding amount of the Investor Loan up to approximately HK$18 million and (b) in cash for any amount in excess of HK$18 million which shall be repaid out of the proceeds from the Share Offer.

The maximum number of the Capitalisation Shares for the settlement of the Investor Loan in the outstanding amount of up to approximately HK$18 million is 94,736,842 New Shares. Aggregating the Consideration Shares and the Capitalisation Shares, the Investor will then be interested in approximately 70.0% of the Enlarged Issued Share Capital upon Completion.

Each of the Investor and Mr. Norman Chan who are the Controlling Shareholders upon Completion undertakes to comply with the restrictions on disposal of the Shares stipulated under Rule 13.16A(1) of the GEM Listing Rules during the lock-up periods. For details of the undertaking, please refer to the section headed "Underwriting – Non-disposal undertakings by the Controlling Shareholders" in this prospectus.

The purpose of this prospectus is to provide you with, among other things, further details of (i) the Public Offer and the Preferential Offering (including the procedures for application and payment for the Public Offer Shares and/or Reserved Shares); (ii) the financial information of the Target Group and the Group; and (iii) the general information of the Target Group and the Group.

THE PUBLIC OFFER AND THE PREFERENTIAL OFFERING

The Board proposed to offer a total of 227,679,850 Offer Shares for subscription at the Offer Price (i.e. HK$0.19 per Offer Share). Of the 227,679,850 Offer Shares, 113,839,925 Offer Shares (i.e. Public Offer Shares) are available for subscription by the members of the public and another 113,839,925 Offer Shares (i.e. Reserved Shares) are available for subscription by the Qualifying Shareholders under the Preferential Offering as the Assured Entitlement.

The Share Offer will be fully underwritten by the Underwriter subject to the terms and conditions of the Underwriting Agreement. Applicants for the Offer Shares (including the Public Offer Shares and the Reserved Shares) are required on application to pay the Offer Price plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee.

The Public Offer is open to members of the public as well as to institutional and professional investors. The existing Shareholders whose names appear on the register of members of the Company on the Assured Entitlement Record Date other than the Non-Qualifying Shareholders (i.e. the Qualifying Shareholders) will be entitled to apply for a specified number of Offer Shares (i.e. the Reserved Shares) on an assured basis under the Preferential Offering.

The Offer Shares

As at the Latest Practicable Date, the issued share capital of the Company was 68,303,955 New Shares, and other than the Convertible Bonds, the Company did not have any options, warrants or convertible securities in issue. As at the Latest Practicable Date, the Company had received the CB Undertakings from all of the holders of the Convertible Bonds undertaking not to convert the Convertible Bonds up to Completion and undertaking to procure the transferee(s) to provide similar undertaking if they transfer the Convertible Bonds.

Assuming there is no change in the issued share capital of the Company (other than the issue of the Creditors Shares as part of the Creditors Schemes Consideration, the issue of the Consideration Shares pursuant to the Acquisition Agreement, the issue of the Capitalisation Shares pursuant to the Investor Loan Agreement and assuming no exercise of the conversion rights attaching to the Convertible Bonds) from the Latest Practicable Date up to the Completion, the 227,679,850 Offer Shares to be allotted and issued pursuant to the Share Offer represent:

(i) approximately 333.3% of the issued shares of the Company upon the completion of the Capital Reorganisation;

(ii) approximately 76.9% of the issued shares of the Company upon the completion of the Capital Reorganisation and as enlarged by the allotment and issue of the Offer Shares; and

(iii) approximately 18.6% of the Enlarged Issued Share Capital upon Completion.

The Offer Price

The Offer Price of HK$0.19 each represents a discount of approximately 85.9% to the theoretical quoted price of HK$1.35 per New Share (the quoted price of HK$0.027 per Share has been adjusted to reflect the effect of the Capital Reorganisation) on 17 March 2017, being the Last Trading Day.

The Offer Price was determined by the Company, after taking into account (i) the financial performance and financial position of the Group; (ii) the fact that trading in the Shares on the Stock Exchange has been suspended since 20 March 2017; and (iii) the aggregated funding needs for the payment of professional fees and expenses and working capital of the Company which amounted to approximately HK$43.2 million.

Basis of the Assured Entitlement under the Preferential Offering

In order to enable the Qualifying Shareholders to participate in the Share Offer on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange and the Share Offer becoming unconditional, the Qualifying Shareholders are invited to apply for up to 113,839,925 Reserved Shares under the Preferential Offering, representing 50% of the number of the Offer Shares under the Share Offer.

The basis of the Qualifying Shareholders' Assured Entitlement is 10 Reserved Shares for every integral multiple of 6 New Shares held by the Qualifying Shareholders on the Assured Entitlement Record Date.

The Qualifying Shareholders' Assured Entitlement are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

The Qualifying Shareholders should note that their Assured Entitlement may not represent a number of a full board lot of 40,000 New Shares. Further, the Reserved Shares allocated to the Qualifying Shareholders will be rounded down to the closest whole number if required, and dealings in odd lots of the New Shares may be at a price below the prevailing market price for full board lots. The Company has appointed Kingston Securities Limited to provide matching services, on a best efforts basis, to the Qualifying Shareholders to facilitate the trading of odd lots of New Shares which the Qualifying Shareholders may receive under the Preferential Offering. For details of the arrangement, please refer to the section headed "Structure and conditions of the Public Offer and the Preferential Offering" in this prospectus.

The Qualifying Shareholders who hold less than 6 New Shares on the Assured Entitlement Record Date are therefore not entitled to any Assured Entitlement but will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares as further described in the paragraph headed "Application for excess Reserved Shares" in this section below. For clarification purpose, Qualifying Shareholders whose Shares held by them are not an integral multiple of six (6), any odd number of the Share held by them will not be entitled to the Assured Entitlement.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the New Shares arising from the Capital Reorganisation and the Share Offer, Kingston Securities Limited has been appointed by the Company to provide matching service, on a best efforts basis, to those Shareholders who wish to top-up or sell their shareholdings of odd lots of the New Shares during the period between 9:30 a.m. on Thursday, 14 November 2019 to 4:00 p.m. on Thursday, 5 December 2019. Shareholders who wish to take advantage of this facility should contact Mr. James Lee at 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong, at telephone number (852) 2298 6228 during office hours of such period. Holders of the New Shares in odd lots should note that the matching of the sale and purchase of odd lots of the New Shares is on a best effort basis and successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Application for excess Reserved Shares

Qualifying Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may only apply for excess Reserved Shares under the Preferential Offering. A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full subject to the terms and conditions as set out in the section headed "Structure and conditions of the Public Offer and the Preferential Offering" in this prospectus and assuming the conditions of the Share Offer are satisfied.

Where a Qualifying Shareholder applies for a number of Reserved Shares which is greater than a Qualifying Shareholder's Assured Entitlement, the relevant Qualifying Shareholder's Assured Entitlement will be satisfied in full but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares by way of allocation by the Underwriter on a fair and pro rata basis by reference to the number of excess Reserved Shares applied for by all such Qualifying Shareholders.

To the extent that the excess applications for the Reserved Shares are:

(i) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated to the Public Offer; or

(ii) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(iii) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and pro rata basis by reference to the number of excess Reserved Shares applied for by all such Qualifying Shareholders.

No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Reserved Shares.

For the avoidance of doubt, the Qualifying Shareholders are only entitled to apply for the Reserved Shares and not entitled to apply for the Public Offer Shares.

Shareholders with their Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Reserved Shares will not be extended to the relevant beneficial owners individually. Shareholders with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Assured Entitlement Record Date for the purpose of the Preferential Offering. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

In the event that the Board notes unusual patterns of excess Reserved Shares applications and has reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for excess Reserved Shares may be rejected at the sole discretion of the Board.

Rights of the Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company, as at the Assured Entitlement Record Date, there were three Shareholders having a registered address situated in Singapore, the PRC and Macau, holding 69 New Shares, 92 New Shares and 9,600 New Shares respectively, representing in aggregate of approximately 0.014% of the issued share capital of the Company as at the Assured Entitlement Record Date.

In compliance with all necessary requirements of Rule 17.41(1) of the GEM Listing Rules, the Board has made enquiries with the legal advisers as to the laws of PRC, Macau and Singapore regarding the feasibility of extending the Preferential Offering to the Overseas Shareholder under the relevant laws and regulations and the requirements of the relevant regulatory body or stock exchange in the PRC, Macau and Singapore respectively.

Based on the advice provided by the legal advisers as to the laws of Singapore, the PRC and Macau, as at the Assured Entitlement Record Date, the Directors are of the view that it is expedient to extend the Preferential Offering to all the Overseas Shareholders in the PRC and Macau other than Singapore as there are no legal restrictions prohibiting the making of Preferential Offering in the jurisdictions of the PRC and Macau and no local legal or regulatory compliance is required to be made in the jurisdictions of the PRC and Macau. Accordingly, all Overseas Shareholders in the PRC and Macau together with the Shareholders with registered addresses in Hong Kong are the Qualifying Shareholders and the Overseas Shareholder in Singapore will be regarded as Non-Qualifying Shareholder.

Accordingly, the Preferential Offering will not be extended to the Non-Qualifying Shareholder(s). The Company will send copies of the prospectus but not the **BLUE** Application Form, to the Non-Qualifying Shareholder(s) for their information only.

Save as described above, no action has been taken to permit the Preferential Offering, or the distribution of the prospectus and/or the **BLUE** Application Form, in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving a copy of the prospectus and/or the **BLUE** Application Form in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Reserved Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements.

It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Reserved Shares to satisfy himself/herself/ itself before acquiring any rights to subscribe for the Reserved Shares as to the full observance of the laws and regulations of the relevant territories or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. The Company will not be responsible for verifying the legal qualification of such Overseas Shareholder(s) in such territory or jurisdiction, thus, should the Company suffer any losses or damages due to non-compliance with the relevant laws of such territory or jurisdiction by any such Overseas Shareholder(s) and/or resident(s), the Overseas Shareholder(s) and/or resident(s) shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Reserved Shares to any such Overseas Shareholder(s) and/ or resident(s), if at the Company's absolute discretion issuing the Reserved Shares to them does not comply with the relevant laws of such territory or jurisdiction. Any acceptance of the offer of the Reserved Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees will give, or be subject to, any of the above representation and warranty. If you are in doubt as to your position, you should consult your own professional advisers.

Details of the legal advisers are set out in the section headed "Structure and Conditions of the Public Offer and the Preferential Offering" in this prospectus.

Conditions of the Share Offer

The Share Offer is conditional upon, among others, (i) the Underwriting Agreement becoming unconditional; (ii) the Underwriter not terminating the Underwriting Agreement in accordance with its terms; and (iii) the subscription level of the Public Offer Shares by the New Public Shareholders demonstrating sufficient public interest. The conditions of the Underwriting Agreement are set out in the section headed "Underwriting" in this prospectus.

If the conditions of the Share Offer and the Underwriting Agreement are not fulfilled or waived (as the case may be), the Share Offer will not proceed.

Qualifying Shareholders

The Preferential Offering will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. The Company will send this prospectus and the **BLUE** Application Form to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of this prospectus to them for their information only and no **BLUE** Application Form will be sent to the Non-Qualifying Shareholders.

To qualify for the Preferential Offering, a Shareholder must, as of 4:30 p.m. on the Assured Entitlement Record Date:

(i) be registered as a member of the Company on the register of members of the Company; and

(ii) not be a Non-Qualifying Shareholder.

As at the Assured Entitlement Record Date, there were 60 Shareholders on the register of the members of the Company.

Status of the Reserved Shares

The Reserved Shares, when allotted, issued and fully paid, will rank pari passu with the New Shares then in issue on the date of allotment and issue of the Reserved Shares in all respects. Holders of such Reserved Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Reserved Shares.

Reallocation

In the event of any Reserved Shares not taken up by the Qualifying Shareholders' Assured Entitlement and/or any odd lot number of the Reserved Shares left after satisfying the excess application, the Available Reserved Shares will be allocated to the Public Offer.

In the event of under-subscription under the Public Offer and over-subscription under the Preferential Offering, no reallocation of the Public Offer Shares to the Preferential Offering shall be made.

Application procedures

The procedures for application and the terms and conditions of the Share Offer are set out in the sections headed "How to apply for Public Offer Shares and Reserved Shares" and "Structure and conditions of the Public Offer and the Preferential Offering" in this prospectus.

Application for listing

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares will be subject to the payment of stamp duty, and any other applicable fees and charges in Hong Kong. The Offer Shares are expected to have the same board lot size as the New Shares, i.e. 40,000 New Shares in one board lot.

No part of the equity or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in is being or is currently proposed to be sought from any other stock exchange.

Share certificates and refund cheques for the Offer Shares

Subject to the fulfillment of the conditions of the Share Offer, certificates for all fully-paid Offer Shares and refund cheques in respect of wholly or partially unsuccessful applications for excess Reserved Shares (if any) or if the Share Offer is terminated are expected to be posted to those entitled thereto on or before Wednesday, 13 November 2019 by ordinary post at their own risk.

UNDERWRITING AGREEMENT

The Company, the Sponsor and the Underwriter entered into the Underwriting Agreement on 22 November 2018 (as amended and restated on 16 May 2019), pursuant to which the Underwriter conditionally agreed to fully underwrite the Offer Shares. Principal terms of the Underwriting Agreements are as follows:

Parties	:	the Sponsor; the Company; and Kingston Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the SFO
Number of Underwritten Shares	:	227,679,850 Offer Shares, representing approximately 18.6% of the Enlarged Issue Share Capital

Underwriting commission : Pursuant to the Underwriting Agreement, the Company shall pay the Underwriter an underwriting commission of 4.5% of the aggregate Offer Price in respect of all of the Offer Shares, and the upfront payment ("**Upfront Payment**") of HK$1 million before the entering into the Underwriting Agreement. The Upfront Payment shall be set off against any amount payable by the Company to the Underwriter pursuant to the Underwriting Agreement on a dollar to dollar basis and the amount payable by the Company to the Underwriter pursuant to the Underwriting Agreement shall be reduced accordingly. Based on the Offer Price of HK$0.19 per Offer Share, the Underwriter shall be entitled to an underwriting commission of approximately HK$1.9 million.

If the Share Offer is not completed for any reason other than any wilful omission or default on the part of the Underwriter, the underwriting commission shall be payable within three Business Days after the date of occurrence of any of the following events:

(i) the conditions precedent to the Underwriting Agreement are not satisfied or waived in whole by (a) 8:00 a.m. (Hong Kong time) on the date of Completion or (b) 31 December 2019 (whichever is the earlier), or such other time and/or date as the Company and the Underwriter may agree in writing; or

(ii) the Underwriting Agreement is terminated or rescinded by the Underwriter; or

(iii) the Underwriting Agreement is terminated by the Company for any reason other than any willful omission or default on the part of the Underwriter; or

(iv) the Stock Exchange has decided to cancel the listing of the Shares; or

(v) the Share Offer is not completed on or before 31 December 2019 (or such other date as the Company and the Underwriter may agree in writing).

The commission rate was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the listing status of the Company, the size of the Share Offer and the current and expected market condition. The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable so far as the Company and the Shareholders are concerned.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are the Independent Third Parties.

The Share Offer is fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement. For further details, please refer to the section headed "Underwriting" in this prospectus.

Steps to ensure minimum public float of the Restructured Group

In order to ensure minimum public float of the Restructured Group, the Share Offer is subject to the conditions, that among others, (i) there are not less than 100 Accepted Offer Applications by the New Public Shareholders; (ii) not less than 50% of the number of the Public Offer Shares (for the avoidance of doubt, excluding such number of the Reserved Shares as may be automatically and mandatorily allocated and/or reallocated to the Public Offer) are allotted and issued to the New Public Shareholders upon Completion; and (iii) the three largest New Public Shareholders upon Completion will not hold more than 50% of the number of the Public Offer Shares (for the avoidance of doubt, excluding such number of the Reserved Shares as may be automatically and mandatorily allocated and/or reallocated to the Public Offer). Further, the Underwriter undertakes that neither it nor the sub-underwriter(s) will subscribe the Untaken Shares for its own account; and it will use its reasonable endeavor to procure that each of sub-underwriter(s) or the ultimate subscriber(s) procured by the Underwriter or the sub-underwriter(s) is not a Shareholder at the time of subscription and will be an Independent Third Party after subscription.

Waiver in respect of the allocation of the Offer Shares to the existing Shareholders in the Preferential Offering

Pursuant to Rule 13.02(1) of the GEM Listing Rules, Directors, their close associates, and a person who is an existing Shareholder, may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant, whether in their own names or through nominees, if two conditions are met. One of the conditions is that no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities. As at the Latest Practicable Date, the Qualifying Shareholders who were entitled to participate in the Preferential Offering do not include the Directors or their close associates, but include the existing Shareholders. Accordingly, the condition under Rule 13.02(1)(a) cannot be met, and thus the Company had applied to the Stock Exchange and the Stock Exchange had granted a waiver from strict compliance with Rules 13.02(1) of the GEM Listing Rules for allowing the Qualifying Shareholders to participate in the Preferential Offering, based on the facts that (i) save as the Preferential Offering, the Qualifying Shareholder will not participate or indicate any interest in the Share Offer; (ii) the allocation of the Reserved Shares will be on a pro rata basis amongst all the Qualifying Shareholders and no preferential treatment will be given to any of them; (iii) the minimum public float requirement under Rules 11.23(7) and 11.23(9) of the GEM Listing Rules will be met after completion of the Share Offer; (iv) each of the existing Shareholders is interested in less than 5% of the issued share capital of the Company upon Completion; (v) the each of existing Shareholders is not a core connected person or its close associate upon Completion; and (vi) each of the existing Shareholders does not have power to appoint Directors or any other special rights. Details of the allocation of the Share Offer will be disclosed in allotment results announcement.

Reasons for the Share Offer and the use of proceeds

The Share Offer forms part and parcel of the Resumption Proposal and will be fully underwritten by the Underwriter, which undertakes that neither it nor the sub-underwriter(s) will subscribe the Untaken Shares for its own account; and it will use its reasonable endeavour to procure each of sub-underwriter(s) or the ultimate subscriber(s) procured by the Underwriter or the sub-underwriter(s) is not a Shareholder at the time of subscription and will be an Independent Third Party after subscription to ensure compliance by the Company with the minimum public float requirements under Rule 11.23(7) of the GEM Listing Rules.

The gross proceeds from the Share Offer are expected to be approximately HK$43.2 million, which will be applied as to (i) approximately HK$24.7 million for settlement of the professional fees and expenses including underwriting commission; and (ii) the balance of approximately HK$18.5 million as general working capital of the Company (including but not limited to the repayment of the outstanding amount of Investor Loan in excess of approximately HK$18 million (if necessary)). Pursuant to the terms of the Restructuring Framework Agreement, the Company shall provide a working capital loan of HK$14 million to the Target Group out of the net proceeds from the Share Offer within ten (10) Business Days after Completion.

The Company had considered other financing alternatives such as secured bank borrowing, straight bonds, rights issue and open offer, etc. After taking into account (i) the financial position of the Company; (ii) the Creditors Schemes; and (iii) the feasibility of such alternatives, the Company is of the view that the chance of obtaining external financing would be extremely remote. In order to demonstrate sufficient public interest in the business of the Target Group to ensure an adequate market in the shares of the Company for which a new listing applicant is sought, and given that the trading of Shares has been suspended since 20 March 2017, the Company decided that the Share Offer would be the most appropriate and timely fund raising method to meet the financial needs of the Group.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS

Save for entering into of the Acquisition Agreement, the Investor Loan Agreement and the Underwriting Agreement, the Company has not conducted any equity fund raising activities involving issue of securities in the past twelve months before the Latest Practicable Date.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

The tables below set out the shareholding structure of the Company (i) immediately before Capital Reorganisation becoming effective; (ii) immediately upon the Capital Reorganisation having taken effect and as the Latest Practicable Date; and (iii) immediately upon Completion:

Scenario A: assuming all the Qualifying Shareholders take up their respective Reserved Shares and members of the public take up all the Public Offer Shares

Shareholders	Immediately before Capital Reorganisation becoming effective		Immediately upon Capital Reorganisation having taken effect and as the Latest Practicable Date		Immediately upon Completion	
	(Shares)	%	*(Shares)*	%	*(Shares)*	%
Concert Group						
The Investor *(Note 3)*	–	–	–	–	854,736,842	70.0%
Public float						
Existing Substantial Shareholder *(Note 4)*	846,760,000	24.8%	16,935,200	24.8%	45,160,533	3.7%
Scheme Creditors *(Note 5)*	–	–	–	–	70,331,984	5.8%
Independent subscriber(s) procured by the Underwriter *(Note 6)*	–	–	–	–	–	–
New Public Shareholders	–	–	–	–	113,839,925	9.3%
Other public shareholders	2,568,437,762	75.2%	51,368,755	75.2%	136,983,347	11.2%
Sub-total of public Shareholders	2,568,437,762	75.2%	51,368,755	75.2%	366,315,789	30.0%
Total	3,415,197,762	100.0%	68,303,955	100.0%	1,221,052,631	100.0%

Scenario B: assuming none of the Qualifying Shareholders take up their respective Reserved Shares and members of the public take up 50% of the number of the Public Offer Shares

Shareholders	Immediately before Capital Reorganisation becoming effective		Immediately upon Capital Reorganisation having taken effect and as the Latest Practicable Date		Immediately upon Completion	
	(Shares)	%	*(Shares)*	%	*(Shares)*	%
Concert Group						
The Investor *(Note 3)*	–	–	–	–	854,736,842	70.0%
Public float						
Existing Substantial Shareholder *(Note 4)*	846,760,000	24.8%	16,935,200	24.8%	16,935,200	1.4%
Scheme Creditors *(Note 5)*	–	–	–	–	70,331,984	5.8%
Independent subscriber(s) procured by the Underwriter *(Note 6)*	–	–	–	–	170,759,887	14.0%
New Public Shareholders	–	–	–	–	56,919,963	4.6%
Other public Shareholders	2,568,437,762	75.2%	51,368,755	75.2%	51,368,755	4.2%
Sub-total of public Shareholders	2,568,437,762	75.2%	51,368,755	75.2%	366,315,789	30.0%
Total	3,415,197,762	100.0%	68,303,955	100.0%	1,221,052,631	100.0%

Notes:

1. The above tables are for illustrative purpose only. The actual change in the shareholding structure of the Company is subject to the actual number of the Offer Shares to be subscribed by the Shareholders under the Share Offer.

2. Certain percentages figures included in the above table are subject to rounding adjustments.

3. Upon Completion, the Investor (being held as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok) will be interested in 854,736,842 New Shares (including 760,000,000 Consideration Shares and 94,736,842 Capitalisation Shares), assuming the maximum number of the Capitalisation Shares of 94,736,842 New Shares are allotted and issued to the Investor pursuant to the Investor Loan Capitalisation.

4. As at the Latest Practicable Date and immediately upon the Capital Reorganisation having taken effect, the shareholding of the Existing Substantial Shareholder will not constitute part of the public float of the Restructured Group.

5. The Company shall issue and allot the Creditors Shares of 70,331,984 New Shares to the Scheme SPC for the benefit of the Scheme Creditors after the completion of the Share Offer in consideration of the discharge of the Claims under the Creditors Schemes. As at the Latest Practicable Date, except eForce, the other Creditors are not Shareholders and are not acting in concert with the Concert Group. It is expected none of the Scheme Creditors will become a substantial Shareholder after distribution of the Creditors Shares from the Scheme SPC to the Scheme Creditors.

6. In order to ensure minimum public float of the Restructured Group, the Share Offer is subject to the conditions, that among others, (i) there are not less than 100 Accepted Offer Applications by the New Public Shareholders; (ii) not less than 50% of the number of the Public Offer Shares (for the avoidance of doubt, excluding such number of the Reserved Shares as may be automatically and mandatorily allocated and/or reallocated to the Public Offer) are allotted and issued to the New Public Shareholders upon Completion; and (iii) the three largest New Public Shareholders upon Completion will not hold more than 50% of the number of the Public Offer Shares (for the avoidance of doubt, excluding such number of the Reserved Shares as may be automatically and mandatorily allocated and/or reallocated to the Public Offer). Further, the Underwriter undertakes that neither it nor the sub-underwriter(s) will subscribe the Untaken Shares for its own account; and it will use its reasonable endeavor to procure that each of sub-underwriter(s) or the ultimate subscriber(s) procured by the Underwriter or the sub-underwriter(s) is not a Shareholder at the time of subscription and will be an Independent Third Party after subscription.

   Immediately upon Completion, assuming none of the Qualifying Shareholders take up their respective Assured Entitlements and the members of the public take up 50% of the number of the Public Offer Shares, the maximum number of the Untaken Shares taken up by the Subscriber(s) procured by the Underwriters or its sub-underwriter(s) will be 170,759,887 New Shares.

7. For illustrative purpose, upon Completion, the public float (taking into account of the issued share capital to be held by independent subscriber(s) procured by the Underwriter or its sub-underwriter(s)) will be approximately 30% of the issued share capital of the Company under these scenarios. The Company will ensure that the public float requirements under Rule 11.23 of the GEM Listing Rules are complied with all times.

TAXATION

Investors and/or Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the Offer Shares and/or the Reserved Shares.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to Rule 13.02(1) of the GEM Listing Rules, the Directors, their close associates, and a person who is an existing Shareholder, may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant, whether in their own names or through nominees, if two conditions are met. One of the conditions is that no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities. As at the Latest Practicable Date, the Qualifying Shareholders who were entitled to participate in the Preferential Offering do not include the Directors or their close associates, but include the existing Shareholders. Accordingly, the condition under Rule 13.02(1)(a) cannot be met, and thus the Company had applied to the Stock Exchange and the Stock Exchange had granted a waiver from strict compliance with Rules 13.02(1) of the GEM Listing Rules for allowing the existing Shareholders to participate in the Preferential Offering.

Pursuant to Rule 10.44A of the GEM Listing Rules, the Company may not undertake a rights issue, open offer or specific mandate placing that would result in a theoretical dilution effect of 25% or more within 12 month period immediately preceding the announcement of the proposed issue, unless the Company can satisfy the Stock Exchange that there are exceptional circumstances. Despite the Share Offer under a specific mandate will dilute the Qualifying Shareholders' shareholding interests in the Company by 85.1% if they subscribe for the Offer Shares under the Preferential Offering in full or by a maximum of approximately 94.4% if they do not subscribe for the Offer Shares, the Company is exempt from the restrictions under Rule 10.44A of the GEM Listing Rules given the Share Offer forms part of the rescue proposal (i.e., the Resumption Proposal).

Warning of the risks of dealing in the New Shares

The Share Offer is conditional upon, inter alia, the fulfillment of the conditions set out in the section headed "Structure and Conditions of the Public Offer and the Preferential Offering" in this prospectus. Therefore, the Share Offer may or may not proceed.

Any dealing in the New Shares from the Latest Practicable Date up to the date on which all the conditions of the Underwriting Agreement are fulfilled or waived (as the case may be) will accordingly bear the risk that the Share Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the New Shares are recommended to consult their own professional advisers. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares/New Shares.

By order of the Board
Union Asia Enterprise Holdings Limited
Yip Man Yi
Chairman

HISTORY AND DEVELOPMENT

The history of the Target Group can be traced back to 1995 when Mr. Norman Chan and a former colleague of Mr. Norman Chan, incorporated BTR Workshop, with the aim to providing modern architectural and contemporary designs in Hong Kong. In 2000, the former colleague of Mr. Norman Chan sold all his shares in BTR Workshop to Mr. Norman Chan and Ms. Susanna Kwok at an aggregate consideration of HK$835,000 with reference to the then financial and business conditions of BTR Workshop and Mr. Norman Chan wished to continue to develop BTR Workshop business by himself. Upon completion of the above shares transfer, BTR Workshop was owned as to approximately 99.99% by Mr. Norman Chan and approximately 0.01% by Ms. Susanna Kwok. In the same year, the Target Group provided interior design services for an office development project for the first time.

Under the leadership and effort of Mr. Norman Chan, the Target Group has gradually developed its business in the interior design industry. In 2009, the Target Group first expanded its business to the overseas market and provided its interior design service for a residential property development project with a shopping complex in Manila, the Philippines.

In 2009, Mr. Norman Chan together with Mr. Alex Lee and Mr. Leung Shiu Fung, Kevini, an associate director of the Target Group, incorporated BTR HK, which principally engages in the provision of interior design services in Hong Kong. On 28 December 2011, Mr. Leung Shiu Fung, Kevini transferred all his shares in BTR HK to Mr. Norman Chan at a consideration of HK$50 with reference to the then par value of the shares of BTR HK. In 2013, Mr. Norman Chan incorporated BTR Asia and BTR Intl to expand the Target Group's interior design business. Over the years, the Target Group has established its relationship with the customers which enable the Target Group to secure more interior design projects and expand its design and project management team. The Target Group has developed, in a period of almost two decades, from a small studio to a team of 60 design professionals as at the Latest Practicable Date.

BUSINESS DEVELOPMENT AND MILESTONES

The following is a summary of key milestones in the development of the Target Group:

Year	Major milestones
1995	Incorporation of BTR Workshop by Mr. Norman Chan and a former colleague of Mr. Norman Chan. The former colleague of Mr. Norman Chan subsequently sold all his shares in BTR Workshop to Mr. Norman Chan and Ms. Susanna Kwok in 2000
2000	First project of interior design service for an office development project
2004	First project of interior design service for a residential property project to a Hong Kong-based property developer

Year	Major milestones
2005	First project of interior design service for a showflat located in Soho, Hong Kong
2007	First project of retail outlet project of interior design service for showroom
2009	First overseas project of interior design service for a residential property development project with a shopping complex located in Manila, the Philippines
2009	Incorporation of BTR HK by Mr. Norman Chan, Mr. Alex Lee and Mr. Leung Shiu Fung, Kevini. Mr. Leung Shiu Fung Kevini subsequently transferred 50 shares of BTR HK to Mr. Norman Chan
2011	First project of interior design service in the PRC for a showflat in Shenzhen, the PRC
2011	BTR Workshop as the interior designer of a residential project at the Peak, Hong Kong won The Hong Kong Institute of Architects Merit Award of Hong Kong
2013	Incorporation of BTR Asia by Mr. Norman Chan
2013	Incorporation of BTR Intl by Mr. Norman Chan
2013	First project of interior design service for a hotel renovation project located in Singapore to a Hong Kong-based multinational hospitality company
2014	The number of staff of the Principal Subsidiaries exceeded 50
2015	First project of food and beverage outlet interior design service to a leading food and beverage company in Hong Kong comprising Chinese, Asian and European restaurants
2016	BTR HK, who acted as the interior designer of a serviced apartment project at Happy Valley, Hong Kong won the Merit Award of the Quality Building Award 2016 under the Hong Kong Residential (Single Building) category
2019	BTR HK, who acted as the interior designer of a Vietnamese restaurant in Hong Kong won the Excellence Award of the HKDA Global Design Awards 2018 under the hospitality and entertainment sub-category
2019	BTR HK, who acted as the interior designer of a restaurant in Central, Hong Kong won the Excellence Awards of the HKDA Global Design Awards 2018 under the hospitality and entertainment sub-category

CORPORATE DEVELOPMENT

Target Company

The Target Company was incorporated in BVI on 2 August 2017 as a limited liability company with an authorised share capital of US$50,000 divided into 50,000 shares with a par value of US$1.00 each. It is an investment holding company. On 13 September 2017 (being the date of acquisition of the Target Company as a shelf company), one share of the Target Company was allotted and issued for cash at par to the Investor. The Target Company is wholly-owned by the Investor prior to the Completion.

On 15 September 2017 the Investor and the Company entered into the Acquisition Agreement, (as supplemented and amended on 9 November 2017 and 28 June 2018, respectively, and amended and restated on 23 November 2018 and 16 May 2019, respectively), pursuant to which the Company has conditionally agreed to acquire and the Investor has conditionally agreed to sell, the Sale Shares for the consideration of approximately HK$144.4 million. Upon Completion, the Target Company will be wholly-owned by the Company.

BTR Asia

BTR Asia was incorporated in Hong Kong on 18 December 2013 with limited liability. BTR Asia has an issued and paid up capital of HK$8,000 divided into 8,000 shares, which were allotted and issued for cash at par to Mr. Norman Chan on the date of incorporation. BTR Asia was wholly owned by Mr. Norman Chan as at 1 April 2017 and immediately prior to the Reorganisation. On 26 April 2019, as part of the Reorganisation, Mr. Norman Chan transferred 8,000 shares of BTR Asia to the Target Company and in return, the Target Company allotted and issued one share of the Target Company to the Investor under the instruction of Mr. Norman Chan on 26 April 2019. BTR Asia principally engages in the provision of interior design services. Upon completion of the above shares transfer, BTR Asia became a wholly-owned subsidiary of the Target Company.

BTR HK

BTR HK was incorporated in Hong Kong on 19 March 2009 with limited liability. BTR HK has an issued and paid up capital of HK$1,000 divided into 1,000 shares. On the date of incorporation, 900 shares, 50 shares and 50 shares of BTR HK were allotted and issued for cash at par to Mr. Norman Chan, Mr. Alex Lee and Mr. Leung Shiu Fung Kevini respectively. On 28 December 2011, Mr. Leung Shiu Fung Kevini, transferred 50 shares of BTR HK to Mr. Norman Chan at the consideration of HK$50 with reference to the then par value of the shares of BTR HK. 50 shares and 950 shares of BTR HK were held by Mr. Alex Lee and Mr. Norman Chan, respectively as at 1 April 2017 immediately prior to the Reorganisation. On 26 April 2019, as part of the Reorganisation, Mr. Norman Chan and Mr. Alex Lee respectively transferred 950 shares and 50 shares of BTR HK to the Target Company and in return, the Target Company allotted and issued two shares of the Target Company to the Investor under the instructions of Mr. Norman Chan and Mr. Alex Lee on 26 April 2019. BTR HK principally engages in the provision of interior design services. Upon completion of the above shares transfer, BTR HK became a wholly-owned subsidiary of the Target Company.

BTR Intl

BTR Intl was incorporated in Hong Kong on 18 January 2013 with limited liability. BTR Intl has an issued and paid up capital of HK$10,000 divided into 10,000 shares which were allotted and issued for cash at par to Mr. Norman Chan on the date of incorporation. BTR Intl was wholly owned by Mr. Norman Chan as at 1 April 2017 and immediately prior to the Reorganisation. On 26 April 2019, as part of the Reorganisation, Mr. Norman Chan transferred 10,000 shares of BTR Intl to the Target Company and in return, the Target Company allotted and issued one share of the Target Company to the Investor under the instruction of Mr. Norman Chan on 26 April 2019. BTR Intl principally engages in the provision of interior design services. Upon completion of the above shares transfer, BTR Intl became a wholly-owned subsidiary of the Target Company.

BTR Workshop

BTR Workshop was incorporated in Hong Kong with limited liability on 1 June 1995. BTR Workshop has an issued and paid up capital of HK$200,000 divided into 200,000 shares. On 1 June 1995, 100,000 shares and 100,000 shares of BTR Workshop were allotted and issued for cash at par to Mr. Norman Chan and a former colleague of Mr. Norman Chan, respectively. On 30 May 2000, the former colleague transferred 99,999 shares and one share of BTR Workshop to Mr. Norman Chan and Ms. Susanna Kwok, respectively at the consideration of HK$834,991.65 and HK$8.35 with reference to the then financial and business conditions of BTR Workshop. 199,999 shares and one share of BTR Workshop were held by Mr. Norman Chan and Ms. Susanna Kwok respectively as at 1 April 2017 and immediately prior to the Reorganisation. On 26 April 2019, as part of the Reorganisation, Mr. Norman Chan and Ms. Susanna Kwok respectively transferred 199,999 shares and one share of BTR Workshop to the Target Company and in return, the Target Company allotted and issued two shares of the Target Company to the Investor under the instructions of Mr. Norman Chan and Ms. Susanna Kwok on 26 April 2019. BTR Workshop principally engages in the provision of interior design services. Upon completion of the above shares transfer, BTR Workshop became a wholly-owned subsidiary of the Target Company.

REORGANISATION

In preparation for the Acquisition, the Target Group carried out the following restructuring steps:

(1) Acquisition of the Principal Subsidiaries by the Target Company

On 26 April 2019, Mr. Norman Chan transferred 8,000 shares of BTR Asia, representing the entire issued share capital of BTR Asia to the Target Company and in return, the Target Company allotted and issued one share of the Target Company credited as fully paid to the Investor under the instruction of Mr. Norman Chan on 26 April 2019. Upon completion of the above shares transfer, BTR Asia became a wholly-owned subsidiary of the Target Company.

On 26 April 2019, Mr. Norman Chan and Mr. Alex Lee respectively transferred 950 shares and 50 shares of BTR HK, representing the entire issued share capital of BTR HK to the Target Company and in return, the Target Company allotted and issued two shares of the Target Company credited as fully paid to the Investor under the instructions of Mr. Norman Chan and Mr. Alex Lee on 26 April 2019. Upon completion of the above shares transfer, BTR HK became a wholly-owned subsidiary of the Target Company.

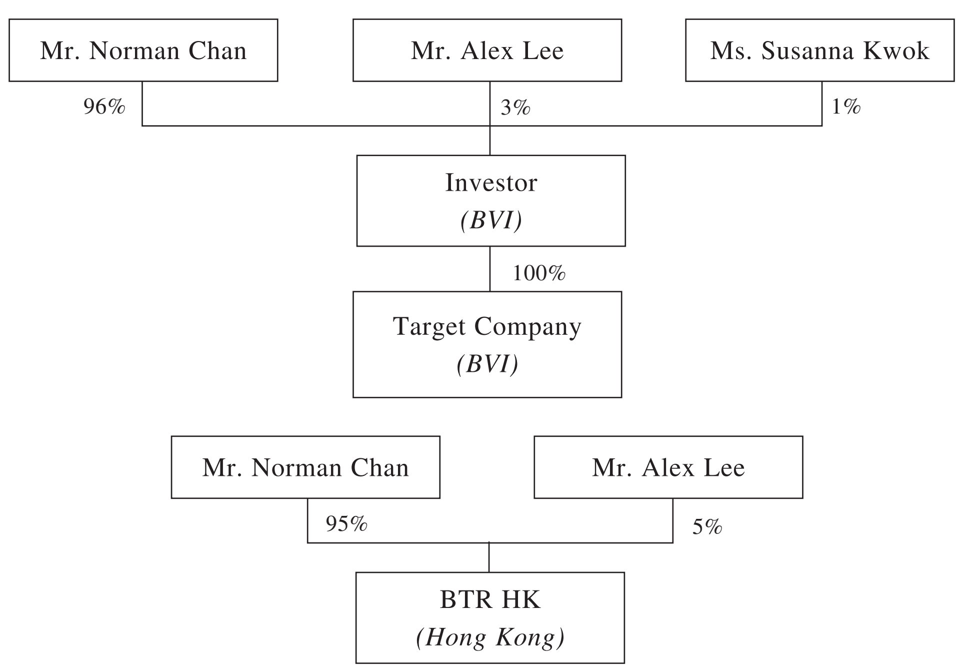
On 26 April 2019, Mr. Norman Chan transferred 10,000 shares of BTR Intl, representing the entire issued share capital of BTR Intl to the Target Company and in return, the Target Company allotted and issued one share of the Target Company credited as fully paid to the Investor under the instruction of Mr. Norman Chan on 26 April 2019. Upon completion of the above shares transfer, BTR Intl became a wholly-owned subsidiary of the Target Company.

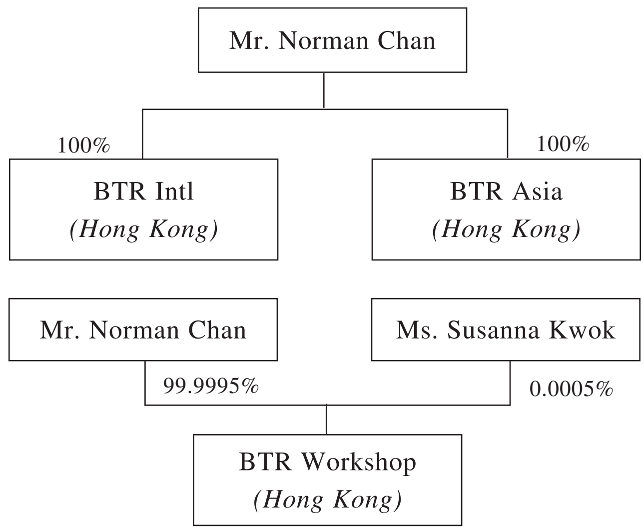
On 26 April 2019, Mr. Norman Chan and Ms. Susanna Kwok respectively transferred 199,999 shares and one share of BTR Workshop, representing the entire issued share capital of BTR Workshop to the Target Company and in return, the Target Company allotted and issued two shares of the Target Company credited as fully paid to the Investor under the instructions of Mr. Norman Chan and Ms. Susanna Kwok on 26 April 2019. Upon completion of the above shares transfer, BTR Workshop became a wholly-owned subsidiary of the Target Company.

(2) Acquisition of the Target Group by the Company

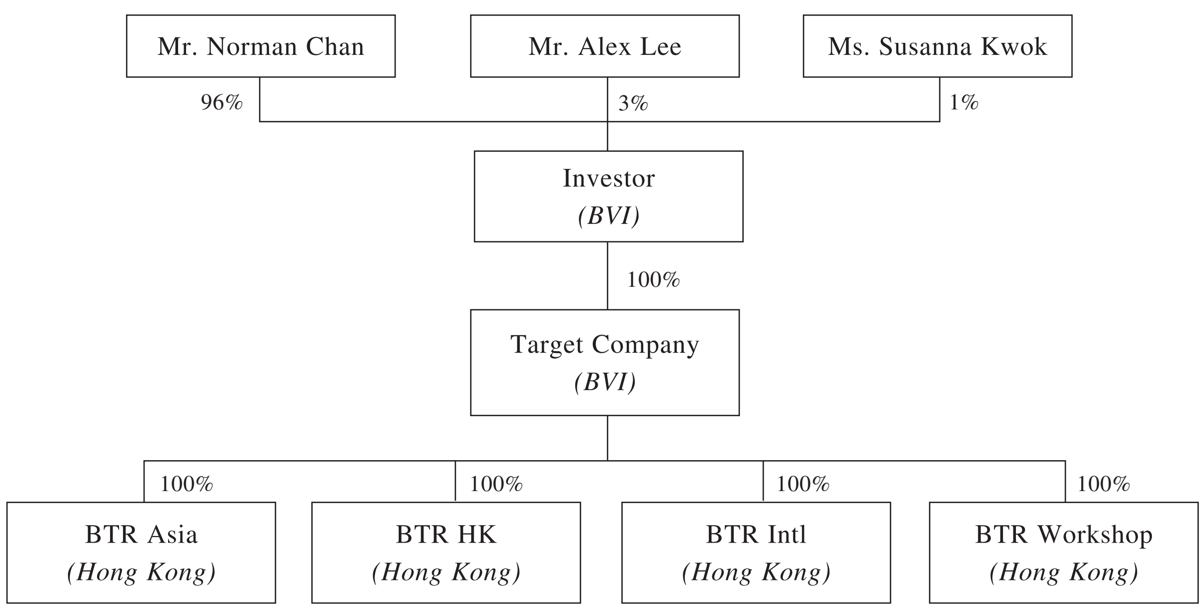
At Completion, the Company will: (i) transfer, among others, all the equity interests held by the Company in the Scheme Companies to the Scheme SPC for the benefit of the Scheme Creditors; and (ii) acquire seven shares in the Target Company, representing the entire issued share capital in the Target Company from the Investor at the consideration of HK$144,400,000, which will be satisfied by the Company by the allotment and issue of 760,000,000 New Shares credited as fully paid by the Company to the Investor or its nominee(s), which together with up to 94,736,842 Capitalisation Shares at the issue price of HK$0.19 each, represent approximately 70.0% of the Enlarged Issued Share Capital immediately after Completion.

The following chart sets out the corporate and shareholding structure of the Target Group immediately before the Reorganisation:

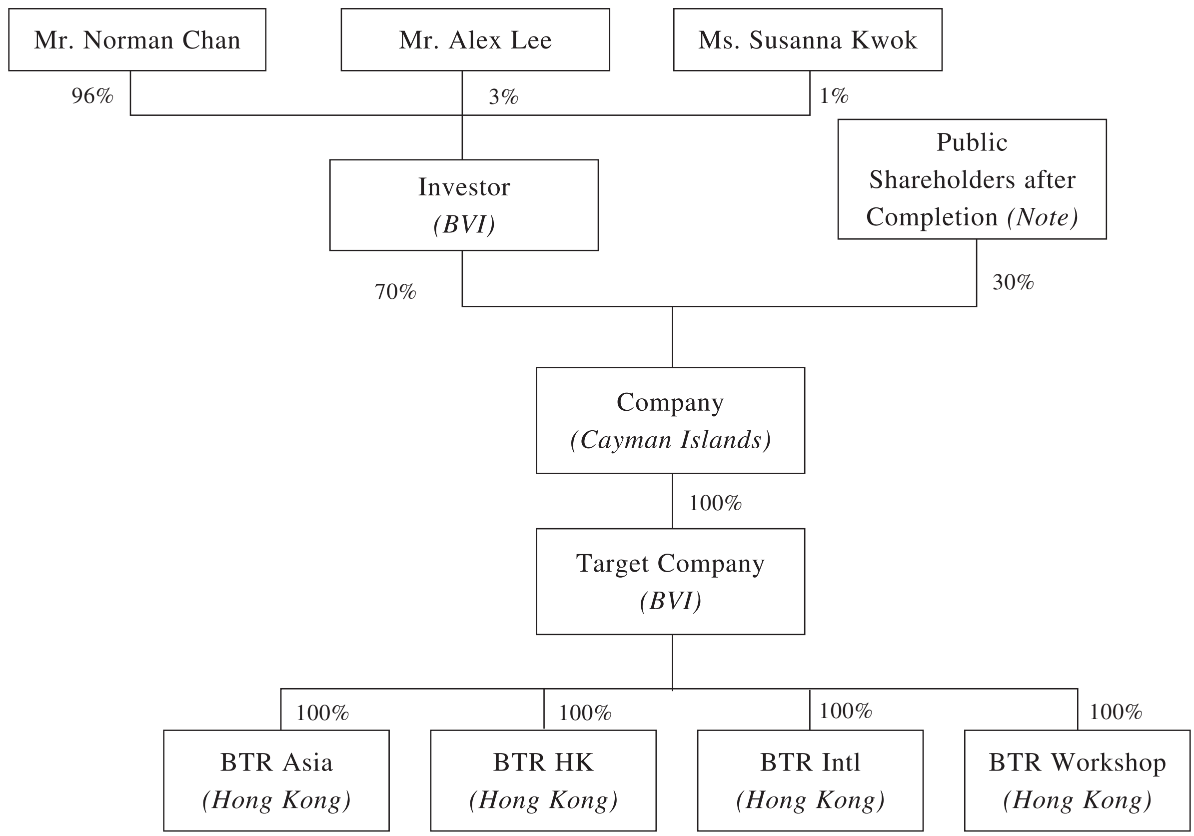




The following chart sets out the corporate and shareholding structure of the Target Group immediately after completion of the Reorganisation:

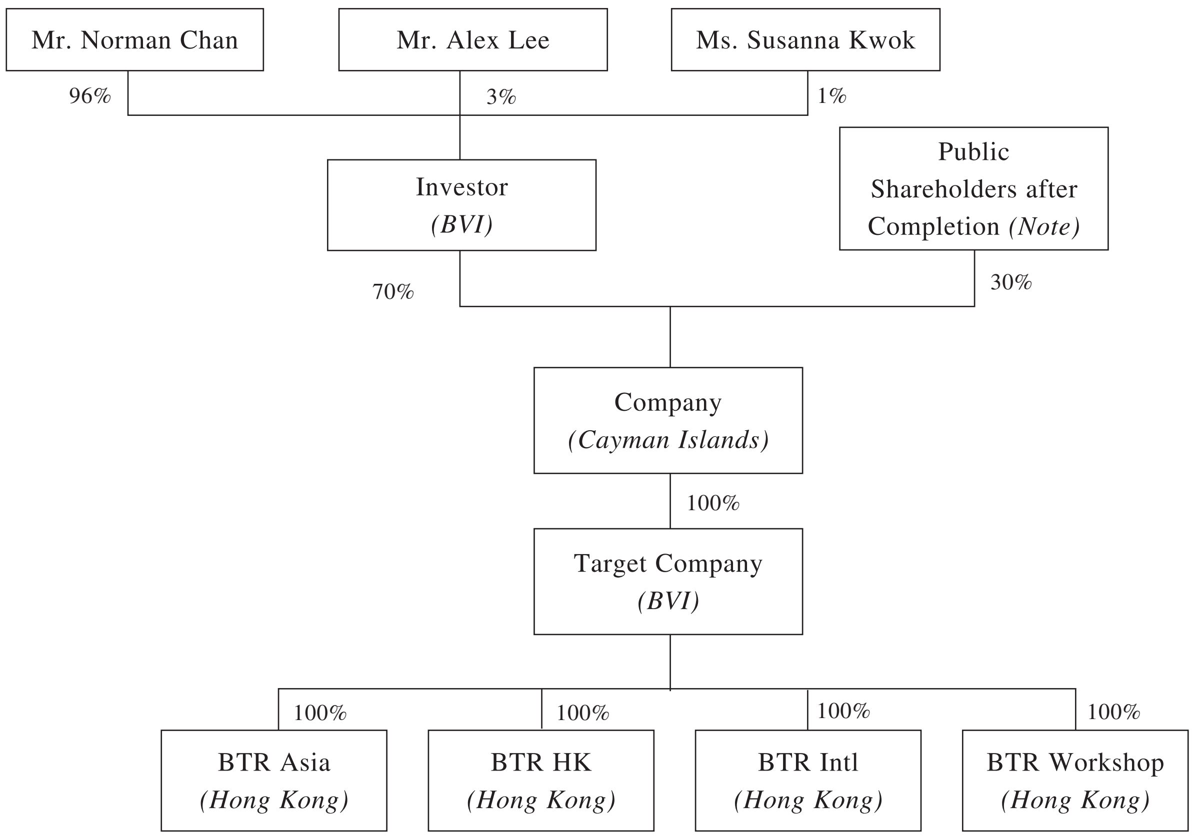


The following chart sets out the corporate and shareholding structure of the Restructured Group immediately after completion of the Proposed Restructuring assuming all the Qualifying Shareholders take up their entitlements in the Preferential Offering:



Note: Public Shareholders consist of Existing Substantial Shareholder, existing public Shareholders, the Scheme Creditors, the New Public Shareholders and/or the independent subscriber(s) procured by the Underwriter and/or its sub-underwriter(s). For details, please refer to the paragraph headed "Letter from the Board – Change in Shareholding Structure of the Company" in this prospectus.

The following chart sets out the corporate and shareholding structure of the Restructured Group immediately after completion of the Proposed Restructuring assuming none of the Qualifying Shareholders take up their entitlements in the Preferential Offering:



Note: Public Shareholders consist of Existing Substantial Shareholder, existing public Shareholders, the Scheme Creditors, the New Public Shareholders and/or the independent subscriber(s) procured by the Underwriter and/or its sub-underwriter(s). For details, please refer to the paragraph headed "Letter from the Board – Change in Shareholding Structure of the Company" in this prospectus.

OVERVIEW

The Target Group was established in 1995 and principally engages in provision of interior design services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries. As at the Latest Practicable Date, the Target Group was a well-established and renowned interior design firm in Hong Kong, which including the senior management team, had 60 professional designers who possessed relevant experience ranging from 2 years to over 30 years. With over 20 years of experience in the interior design industry in Hong Kong, the Target Group has served over 50 customers including multinational companies and listed companies in Hong Kong. During the Track Record Period, the Target Group has carried out over 210 projects to provide interior design services to properties and premises of different function and style. As at the Latest Practicable Date, the Target Group had 95 projects in progress or to be commenced with a total contract sum of approximately HK$301.9 million.

According to Frost & Sullivan Report, the interior design industry is highly fragmented with over 1,000 market players of both local and international names. The Target Group is highly recognised for its bespoke and total interior design services in the property development process, covering the design stage and project execution stage. The Target Group generates revenue by providing tailor-made interior design proposals which include design concepts and plans based on the Target Group's clients' requirements, preparing colour and concept boards, and creating drawing work, layout plans and 3-dimensional rendering. The Target Group is also responsible for monitoring the execution progress of the projects and coordinating the fitting-out works to ensure its design is materialised as conceived. For details of the operation of the Target Group, please refer to the section headed "Business of the Target Group – Operation flow" in this prospectus.

During the Track Record Period, over 60% of the Target Group's revenue was generated from residential projects in Hong Kong. For each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019, the total revenue generated by the Target Group amounted to approximately HK$68.1 million, HK$61.8 million HK$69.8 million and HK$16.3 million while the gross profit amounted to approximately HK$41.7 million, HK$35.2 million, HK$41.3 million and HK$9.1 million respectively. The average contract size of the Target Group's projects with revenue contribution during the Track Record Period ranged from approximately HK$0.4 million to HK$12.4 million.

The table below sets forth the number of projects and revenue generated by types of projects during the Track Record Period:

		For the year ended 31 March									For the three months ended 30 June					
		2017			2018			2019			2018			2019		
Types of project	Average project duration *(Note 2)* *(months)*	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)* *(unaudited)*	%	Number of projects	Revenue recognised *(HK$'000)*	%
Residential *(Note 1)*	35	53	47,271	69	66	46,665	76	71	53,820	77	53	12,274	71	63	11,987	74
Commercial *(Note 1)*	20	16	10,115	15	17	8,925	14	13	6,884	10	12	2,491	15	5	1,369	8
Show flat, sales office/gallery and others	9	30	10,706	16	26	6,250	10	30	9,106	13	9	2,446	14	29	2,928	18
Total		99	68,092	100	109	61,840	100	114	69,810	100	74	17,211	100	97	16,284	100

Notes:

1. Residential projects were mainly interior design projects for private residences and residential clubhouses while commercial projects mainly represent interior design projects for hotels, offices, restaurants, bookstores and cinemas.

2. The average project duration takes into account both of (i) the actual project duration of completed projects during the Track Record Period; and (ii) the estimated average project duration of on-going projects based on the estimated completion dates of the projects.

During the Track Record Period, the Target Group was mainly engaged by corporate clients for interior design services which contributed approximately 87%, 98%, 96% and 98% of the total revenue for each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 respectively. The remaining approximately 13%, 2%, 4% and 2% of the revenue was attributable to individual clients who occasionally engaged the Target Group for interior design services for private residence. Corporate clients of the Target Group are mostly Hong Kong property developers and Hong Kong listed companies. Breakdowns of revenue by nature of the Target Group's customers during the Track Record Period are shown as below:

Property developer vs. Non-property developer

Nature of customers	Number of customers with revenue contribution during Track Record Period	Number of projects carried out during Track Record Period	For the year ended 31 March						For the three months ended 30 June			
			2017		2018		2019		2018		2019	
			HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Property developer	32	177	57,194	84	55,921	90	63,745	91	16,415	95	15,718	97
Non-property developer	25	37	10,898	16	5,919	10	6,065	9	796	5	566	3
Total	57	214	68,092	100	61,840	100	69,810	100	17,211	100	16,284	100

Hong Kong/overseas listed company vs. Unlisted company/individual

Nature of customers	Number of customers with revenue contribution during Track Record Period	Number of projects carried out during Track Record Period	For the year ended 31 March						For the three months ended 30 June			
			2017		2018		2019		2018		2019	
			HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Hong Kong/overseas listed company	27	144	47,785	70	47,420	77	55,848	80	14,235	83	14,054	86
Unlisted company/ individual	30	70	20,307	30	14,420	23	13,962	20	2,976	17	2,230	14
Total	57	214	68,092	100	61,840	100	69,810	100	17,211	100	16,284	100

Corporate customer vs. Individual customer

Nature of customers	Number of customers with revenue contribution during Track Record Period	Number of projects carried out during Track Record Period	For the year ended 31 March						For the three months ended 30 June			
			2017		2018		2019		2018		2019	
			HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* *(unaudited)*	*%*	*HK$'000*	*%*
Corporate customer	45	201	59,392	87	60,350	98	66,643	96	16,641	97	15,952	98
Individual customer *(Note 1)*	12	13	8,700	13	1,490	2	3,167	4	570	3	332	2
Total	57	214	68,092	100	61,840	100	69,810	100	17,211	100	16,284	100

Note:

1. Individual customers include natural persons and legal entities which engage the Target Group for interior design services for private residence.

While most of the projects carried out by the Target Group during the Track Record Period are related to properties located in Hong Kong, some of the customers may engage the Target Group in projects located outside Hong Kong. The table below sets forth the number of projects and revenue generated by geographical location of the properties during the Track Record Period:

	For the year ended 31 March									For the three months ended 30 June					
	2017			2018			2019			2018			2019		
	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)*	%	Number of projects	Revenue recognised *(HK$'000)* *(unaudited)*	%	Number of projects	Revenue recognised *(HK$'000)*	%
Hong Kong	80	55,708	81.9	89	51,069	82.6	97	61,513	88.1	59	14,089	81.9	86	15,487	95.1
PRC and Macau	11	6,557	9.6	8	4,469	7.2	6	1,501	2.2	5	858	5.0	5	167	1.0
Others *(Note 1)*	8	5,827	8.5	12	6,302	10.2	11	6,796	9.7	10	2,264	13.1	6	630	3.9
Total	99	68,092	100.0	109	61,840	100.0	114	69,810	100.0	74	17,211	100.0	97	16,284	100.0

Note:

1. Others include Sri Lanka, Malaysia, the Philippines, Japan and Thailand.

The directors of the Target Company are of the view that the Target Group's capability to understand customers' requirements and transform far-fetched concepts into visionary solutions that embrace functionality and aesthetics has gained trust and appreciation from customers and enabled the Target Group to be one of the reputable players in the interior design industry in Hong Kong. The directors of the Target Company believe that the key factors for the Target Group to remain competitive in the interior design industry include (i) the ability to retain and grow a team of professional designers who can consistently deliver innovative and creative solutions to clients; (ii) the Target Group's reputation in the interior design industry; (iii) the network to locate design products and customised materials from craftspeople who can produce and install the design that meet clients' standard; (iv) maintaining stable and long term customer relationship; (v) having an experienced management team with proven track record; and (vi) the ability to monitor and coordinate contractors engaged by customers to materialise the design plan in a timely manner. For details of the Target Group's competitive strengths, please refer to the section headed "Business of the Target Group – Competitive strengths" in this prospectus.

As the business of the Target Group is project-based, the contract sum varies among projects. The following table sets forth the number of projects carried out by the Target Group in terms of contract sum during the Track Record Period:

	For the year ended 31 March									For the three months ended 30 June					
	2017			2018			2019			2018			2019		
	Number of projects	Total contract sum *(HK$'000)*	Revenue recognised *(HK$'000)*	Number of projects	Total contract sum *(HK$'000)*	Revenue recognised *(HK$'000)*	Number of projects	Total contract sum *(HK$'000)*	Revenue recognised *(HK$'000)*	Number of projects	Total contract sum *(HK$'000)*	Revenue recognised *(HK$'000)* *(unaudited)*	Number of projects	Total contract sum *(HK$'000)*	Revenue recognised *(HK$'000)*
Less than HK$1 million	47	20,630	10,787	45	17,708	7,694	46	19,548	9,436	20	9,790	2,725	33	14,126	2,446
HK$1 million to HK$10 million	49	163,014	49,681	61	209,769	48,228	64	239,393	51,824	51	196,054	11,565	60	219,542	11,789
More than HK$10 million	3	34,530	7,624	3	34,530	5,918	4	49,177	8,550	3	34,530	2,921	4	49,607	2,049
	99	218,174	68,092	109	262,007	61,840	114	308,118	69,810	74	240,374	17,211	97	283,275	16,284

THE BUSINESS

The Target Group is a bespoke and total interior design firm based in Hong Kong. With reference to the Hong Kong Interior Design Association, the interior design profession is principally engaged to (i) identify, research and creatively solve problems pertaining to the function and quality of the interior environment; (ii) perform services related to interior spaces including programming, design analysis, space planning, aesthetics, and inspection of work on site, using specialised knowledge of interior construction, building systems and components, building regulations, equipment, materials and furnishings; and (iii) prepare drawings and documents in relation to the design of interior space, in order to enhance the quality of life and protect the health, safety and welfare of the public. As a well-established interior design firm rooted in Hong Kong for over 20 years, the Target Group strives to deliver design solutions that synthesise human and ecologies and follows an approach to cultivate contemporary design that is long lasting and compelling.

The interior design services provided by the Target Group include conceptual design of interior environments that support the function, aesthetics and cultures of people using interior spaces. The designs are created by a combination of creativity, technical and material knowledge of the Target Group's designers, with an aim to deliver solutions that meet the requirement of customers and end-users of the interior spaces. The design drawings delivered by the Target Group can be formalised into a presentation to the customers, allowing them to gain a better understanding of the texture, colour of fabrics and materials proposed to be used in the design. Subject to the scope of works agreed in contracts, the Target Group may assist in locating craftspeople who produce design products and customised materials which serve the purpose of emanating vibe and being functional and practical at the same time. The Target Group may also be responsible for monitoring the execution progress of the projects to ensure the fitting-out works and materials supplied by contractors and craftspeople directly engaged by customers are up to standard and the design is materialised as conceived. For details of the operation of the Target Group, please refer to the section headed "Business of the Target Group – Operation flow" in this prospectus.

The table below sets forth the movement of on-going and completed projects during the Track Record Period:

Number of on-going projects as at 1 April 2016	44
Net change of number of pending projects during the year *(Note)*	–
Number of new projects carried out during the year	55
Number of on-going and completed projects as at 31 March 2017	99
Number of projects completed during the year	(35)
Number of on-going projects as at 31 March 2017	64
Number of on-going projects as at 1 April 2017	64
Net change of number of pending projects during the year *(Note)*	(1)
Number of new projects carried out during the year	46
Number of on-going and completed projects as at 31 March 2018	109
Number of projects completed during the year	(42)
Number of on-going projects as at 31 March 2018	67
Number of on-going projects as at 1 April 2018	67
Net change of number of pending projects during the year *(Note)*	(1)
Number of new projects carried out during the year	48
Number of on-going and completed projects as at 31 March 2019	114
Number of projects completed during the year	(38)
Number of on-going projects as at 31 March 2019	76
Number of on-going projects as at 1 April 2019	76
Net change of number of pending projects during the period *(Note)*	–
Number of new projects carried out during the period	21
Number of on-going and completed projects as at 30 June 2019	97
Number of projects completed during the period	(6)
Number of on-going projects as at 30 June 2019	91

Note:

In order to demonstrate the number of projects that contributed to the total revenue of the Target Group for each of the year/period during the Track Record Period, projects not generating revenue during the year/period were regarded as pending projects which were excluded from on-going projects for the respective year/period. A pending project would resume on-going when revenue derived from the project is recognised during the respective year/period. Pending projects represented mostly projects of which the Target Group has provided design services while fitting-out works provided by contractors engaged by Target Group's customers were pending or put on hold.

Top projects during the Track Record Period

For the year ended 31 March 2017

	Customer	Types of project	Location of property	Revenue recognised for the year ended 31 March 2017 *(HK$'000)*	% of total revenue
1.	Customer A	Residential	Hong Kong	3,648	5.4
2.	Customer A	Commercial	Hong Kong	3,450	5.1
3.	Customer F	Residential	Hong Kong	3,000	4.4
4.	Customer A	Residential	Hong Kong	2,800	4.1
5.	Customer C	Commercial	Malaysia	2,562	3.8

For the year ended 31 March 2018

	Customer	Types of Project	Location of property	Revenue recognised for the year ended 31 March 2018 *(HK$'000)*	% of total revenue
1.	Customer G	Residential	Hong Kong	3,267	5.3
2.	Customer A	Residential	Hong Kong	2,520	4.1
3.	Customer A	Commercial	Hong Kong	2,185	3.5
4.	Customer A	Residential	Hong Kong	2,090	3.4
5.	A Hong Kong listed company	Residential	Hong Kong	1,950	3.2

For the year ended 31 March 2019

	Customer	Types of project	Location of property	Revenue recognised for the year ended 31 March 2019 *(HK$'000)*	% of total revenue
1.	Customer A	Residential	Hong Kong	4,378	6.3
2.	Customer A	Commercial	Hong Kong	4,255	6.1
3.	Customer A	Residential	Hong Kong	3,960	5.7
4.	Customer A	Residential	Hong Kong	3,198	4.6
5.	A Hong Kong listed company	Residential	Hong Kong	2,806	4.0

For the three months ended 30 June 2019

	Customer	Types of project	Location of property	Revenue recognised for the three months ended 30 June 2019 *(HK$'000)*	% of total revenue
1.	Customer A	Commercial	Hong Kong	1,086	6.7
2.	Customer A	Residential	Hong Kong	896	5.5
3.	Customer A	Residential	Hong Kong	727	4.5
4.	Customer J	Residential	Hong Kong	672	4.1
5.	Customer G	Residential	Hong Kong	653	4.0

Backlog

The following table sets forth the revenue expected to be recognised for the year ending 31 March 2020 from the existing contracts as at 30 June 2019 (contracts that were obtained up to 30 June 2019) and the new contracts (contracts that were obtained subsequent to 30 June 2019 and up to the Latest Practicable Date) commenced or obtained but not yet commenced as at the Latest Practicable Date:

Types of project	Revenue expected to be recognised for the period from 1 July 2019 to 31 March 2020 from the existing contracts as at 30 June 2019	Revenue expected to be recognised for the period from 1 July 2019 to 31 March 2020 from the new contracts	Revenue expected to be recognised after the year ending 31 March 2020 from the existing contracts as at 30 June 2019	Revenue expected to be recognised after the year ending 31 March 2020 from the new contracts
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
Residential *(Note)*	39,548	4,458	70,907	12,348
Commercial *(Note)*	3,310	–	2,318	–
Show flat, sales office/ gallery and others	10,609	437	2,017	1,643
Total	53,467	4,895	75,242	13,991

Note: Residential projects mainly represent interior design projects for private residences and residential clubhouses while commercial projects mainly represent interior design projects for hotels and offices.

The following table sets forth the backlog revenue expected to be recognised for and after the year ending 31 March 2020 by expected contract durations as at 30 June 2019:

	Revenue expected to be recognised for the period from 1 July 2019 to 31 March 2020	Revenue expected to be recognised after the year ending 31 March 2020	Total
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Contracts that have expected durations of one year or less	3,989 *(Note 1)*	127	4,116
Contracts that have expected durations of more than one year	54,373	89,106	143,479 *(Note 2)*
Total	58,362	89,233	147,595

Notes:

1. Revenue expected to be recognised for the period from 1 July 2019 to 31 March 2020 that have expected durations of one year or less include new contracts obtained subsequent to 30 June 2019 and up to the Latest Practicable Date but had not yet commenced work as at 30 June 2019 of approximately HK$260,000.

2. Revenue expected to be recognised for (i) the period from 1 July 2019 to 31 March 2020; and (ii) after the year ending 31 March 2020 from contracts that have expected durations of more than one year include new contracts obtained subsequent to 30 June 2019 and up to the Latest Practicable Date but had not yet commenced work as at 30 June 2019 of approximately HK$438,000 and HK$5,192,000, respectively.

THE TARGET GROUP'S DESIGN PHILOSOPHY

The philosophy of the Target Group is to design with clarity and rigor, with understanding and sensitivity. The design of the Target Group has to be intelligent, rational and authentic and also to be consistent from the germination of an idea through to the materialisation of the project. The brand of the Target Group – BTR is named after the inspiration of "Back-To-Reality" which embraces a spirit to return to fundamental design of simplicity and clarity. The design of the Target Group does not compromise on instant and short-lived trend. Instead, the Target Group aspires to create long lasting and timeless masterpieces with sophistication and sensitivity that emanate an enduring vibe and atmosphere for the interior space which synthesise human and ecologies.

COMPETITIVE STRENGTHS

The directors of the Target Company consider that the Target Group possesses the following competitive strengths:

A team of professional designers who can deliver quality works

During the Track Record Period, the Target Group maintained a team of 53, 65, 64 and 60 professional designers in additional to the Target Group's senior management team as at 31 March 2017, 2018 and 2019 and 30 June 2019 respectively. The directors of the Target Company are of the view that the past success of the Target Group was attributable to the capability of its team of designers who consistently deliver innovative and creative solutions to clients. As at the Latest Practicable Date, designers of the Target Group had accumulated 2 years to over 30 years of experience in the interior design industry. Designers of the Target Group possess the knowledge and skills to deliver quality works in different types of projects undertaken by the Target Group, as well as throughout the entire interior design process covering the design stage and project execution stage.

Established reputation in the interior design industry

The Target Group has been providing interior design services in Hong Kong since 1995. During the Track Record Period, the Target Group has completed an aggregate of 121 projects with an aggregate contract sum of approximately HK$120.9 million. The Target Group believes that its proven track record and ability to satisfy customers' requirements, as evidenced by the fact that over 60% of projects carried out by the Target Group during the Track Record Period were with customers with over five years of business relationship in general, contribute to establishing a good reputation for the Target Group in the interior design industry. The Target Group is highly recognised for its capability to take up various types of projects including residential, commercial, show flats, sales office and sales galleries and deliver quality designs that satisfy customers' requirements. The directors of the Target Company believe that quality services consistently provided by the Target Group have gradually built up the Target Group's reputation in the industry.

Strong and stable network with quality craftspeople

The Target Group has established strong relationships with craftspeople who supply various design products including furniture, decorative lighting, art pieces and other decorative items. Although the Target Group is generally not contracted to provide design products in its interior design engagements and the craftspeople are not suppliers to the Target Group, subject to the scope of works agreed in contracts, the Target Group may assist customers in locating design products and customised materials from craftspeople who can produce and install the design that meet the clients' standard. The directors of the Target Company are of the view that it is of the utmost importance for the Target Group to maintain close relationships with craftspeople who produce quality products of desirable appearance, mood and function that fit in with the design plans originated by the Target Group.

Stable and long term customer relationships

The Target Group has established stable and long term business relationships with its major customers which are mainly Hong Kong property developers and Hong Kong listed companies. During the Track Record Period, projects undertaken by the Target Group were mainly awarded or referred by recurring customers. With the Target Group's proven track record and reputation in the industry, the Target Group is able to stay informed of the customers' upcoming projects and keep abreast of the latest market development and opportunities. During the Track Record Period, customers that have had a business relationship with the Target Group generally for over five years contributed to approximately 73%, 66%, 65% and 66% of total revenue for each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019, respectively.

To deliver interior design solutions that are unique and tailor-made for customers, the directors of the Target Company are of the view that a close relationship with customers allows the Target Group to better understand the customers' needs and preferences and deliver design solutions that harmonise with the theme of customers' projects. Moreover, a stable relationship with sizeable property developers and companies in Hong Kong ensures a stable source of revenue to the Target Group.

A strong and experienced management team with proven track record

The Target Group is led by a management team with ample experience in the interior design industry. Mr. Norman Chan, the proposed executive Director, has accumulated over 30 years of experience in the interior design industry and participated in various sizable property projects in Hong Kong. The in-depth industry knowledge and extensive project management experience of the management team of the Target Group have enhanced the effectiveness and efficiency of project execution which allow the Target Group to build up reputation and trust among the customers and help secure numerous contracts over the years. The management team's proven track record in delivering quality works also allow the Target Group to capture business opportunities and retain talents which are vital to the growth of the business. Details of the qualification and experience of the proposed Directors and senior management are set out in the section headed "Directors and senior management of the Restructured Group" in this prospectus.

Ability to monitor and coordinate contractors effectively and efficiently

During the Track Record Period, the Target Group was generally engaged to provide bespoke and total interior design services covering the design stage and project execution stage. In order to ensure that the design delivered by the Target Group is materialised as conceived, customers generally require the Target Group to monitor the execution progress of the projects and coordinate the fitting-out works with contractors. Although the contractors are not engaged by the Target Group and the Target Group is not responsible for the works performed by the contractors, progress payment made by customers to the Target Group may be affected by the performance of the contractors. Late completion and delivery by contractors may adversely delay the launching progress of property projects which negatively affects the reputation of the Target Group. In view of the negative impact of project delay, the Target Group endeavours to monitor and coordinate with contractors effectively and efficiently to ensure timely completion of projects in accordance with the customers' timetable. During the Track Record Period, the Target Group has taken into consideration the strict timelines given by customers and delivered suitable design which can be produced by contractors within designated schedules. The directors of the Target Company consider that the Target Group's ability to deliver quality design works in a timely manner is highly appreciated by its customers.

BUSINESS STRATEGIES

The Target Group's goals are to achieve sustainable growth and further strengthen its overall competitiveness and business growth in the interior design industry in Hong Kong. To achieve this, the directors of the Target Company plan to continue to capitalise on opportunities by leveraging the Target Group's competitive strengths and implementing the following strategies:

Maintain and strengthen market position in Hong Kong

According to the Frost & Sullivan Report, the interior design services market in Hong Kong has been in expansion with a CAGR of 7.5% between 2013 and 2018, attributable to increasing residential supply, influx of Chinese corporations and rise of smart home. Furthermore, given the policies in speeding up residential development, the demand for interior design services in Hong Kong is expected to grow at a CAGR of 8.2% from 2019 to 2023. Particularly, the residential segment is forecasted to record a CAGR of 9.6% during 2019 to 2023, followed by 6.4% of commercial segment.

The Target Group will continue to strengthen its market position by improving the interior design services to meet the rising demands of customers. The Target Group will keep abreast of the latest market development and customers' preference to give new inspiration to the Target Group's design and improve its service quality. With reference to the Frost & Sullivan Report, as the interior design industry is highly fragmented with over 1,000 market players of both local and international names which implies scattered market shares, the Target Group will continue to leverage its experience in the interior design industry to further explore the market potentials in Hong Kong. The Target Group intends to strengthen its business development capability by expanding marketing efforts to enhance relationship with both existing and new customers. The Target Group plans to pay more visits to existing customers and target potential customers by contacting them through business referrals and other business network. The directors of the Target Company are of the view that frequent contacts with customers enable the Target Group to grasp market pulse and the ever-changing preference of customers which is crucial in maintaining and strengthening customer base.

Enhance brand recognition and strengthen marketing efforts

The Target Group intends to promote its brand of "BTR". In addition to improving service quality, the directors of the Target Company believe that brand recognition can be further enhanced by (i) participating in industry exhibitions and conferences in relation to interior design; (ii) preparing company brochure and marketing materials; (iii) advertising through various marketing platforms and arranging for media exposure; and (iv) soliciting new customers. The directors of the Target Company believe that profile and public awareness of the Target Group can be gradually raised through enhancement of public relation and marketing efforts.

Continue to recruit talents and enhance internal training to support future growth

The directors of the Target Company are of the view that the past success of the Target Group is attributable to the capability of its team of designers who consistently delivered innovative and creative solutions to clients. To keep up with the business expansion and pursue a higher work quality, the Target Group has been endeavouring to expand its team of professional designers. During the Track Record Period, the Target Group maintained a team of 53, 65, 64 and 60 professional designers as at 31 March 2017, 2018 and 2019 and 30 June 2019 respectively. The Target Group believes that high caliber designers and supporting staff are the key to the Target Group's success and future growth. The Target Group plans to retain talents in management, design, finance and project administration. For the expansion of design team, the Target Group plans to recruit additional professional designers to cater for its business expansion. Continuous internal trainings to staff in the areas of design skills, operational skills and supervisory skills are important to raise the firm standard and quality of services of the Target Group. The Target Group will organise internal trainings and seminars for staff and sponsor its staff to join design fair tour to achieve continuous improvement.

MARKET AND COMPETITION

During the Track Record Period, over 98% of the Target Group's revenue was generated from the provision of interior design and execution services. Having considered that these projects are mainly awarded by property developers in Hong Kong, the directors of the Target Company are of the view that demand for interior design services provided by the Target Group is generally in line with the property market in Hong Kong. As disclosed in the section headed "Industry overview" in Appendix I to this prospectus, the property market in Hong Kong is expected to grow in the coming years as a result of, among others, (i) favourable government policy to increase housing supply in both private and public sector; (ii) solid demand for housing; and (iii) continued urban renewal and redevelopment. The overall revenue of interior design services market in Hong Kong also increased at a CAGR of 7.5% from 2013 to 2018. The market trends to position properties as luxury residences further propels the demand for interior design services in Hong Kong.

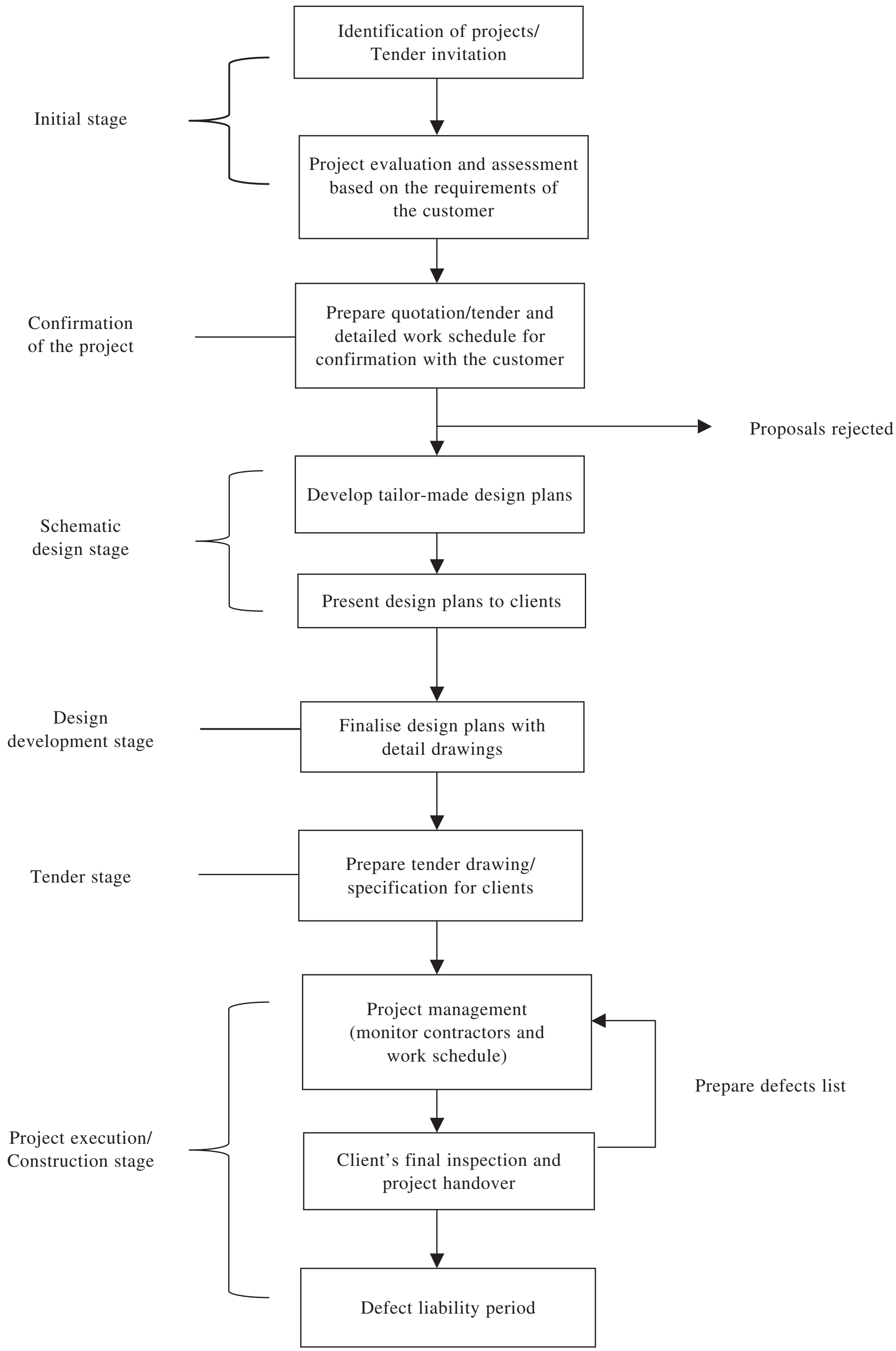
For further information regarding the competitive landscape of the industry in which the Target Group operates, please refer to the section headed "Industry overview" in Appendix I to this prospectus.

THE INTERIOR DESIGN SERVICES

The Target Group is an interior design firm providing interior design services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries mostly located in Hong Kong. The entire design process covers (i) design stage; and (ii) project execution stage. The design stage can be further divided into (i) schematic design stage to formulate design proposal; (ii) design development stage to compose detail drawings with specifications; and (iii) tender stage to modify drawings and advise customers on selection of craftspeople and tender negotiations. After the design drawings are finalised, the Target Group will proceed to project execution stage where the Target Group will oversee the execution process of the project to ensure proper execution of the design in accordance with the drawings and specifications and meeting customers' requirements.

OPERATION FLOW

Depending on the complexity of the project, the typical operation flow of the Target Group which generally takes one to three year(s) to complete, is outlined as below:



Initial stage

Identification of projects/Tender invitation

The Target Group basically identifies potential projects through customer referral, request for proposal from recurring customers or tender invitation. Potential projects or business opportunities could be communicated to the Target Group through verbal or written request received from customers. The Target Group also maintains a stable relationship and close contact with customers to keep abreast of the latest market development and opportunities.

Project evaluation and assessment

The management team of the Target Group would decide on which projects to pursue after taking into consideration principal factors including (i) relationship with customers; (ii) target users of the property; (iii) location of project; (iv) nature of project; (v) timeline and complexity of project; and (vi) resources availability of the Target Group. If the project is considered suitable for the Target Group, a formal quotation or tender will be made to customers.

Prepare quotation/tender proposal

The Target Group is generally given the background information of the potential project including (i) target users of the property; (ii) market positioning; (iii) design theme; (iv) nature and scale; and (v) timeline. The Target Group may also be invited to attend kick off meeting of new project to present previous work collection to potential customers. Quotation/tender proposal prepared by the Target Group normally sets out breakdown description of works to be carried out, contract price, payment terms and other standard terms and conditions. Quotations are generally formulated based on estimated project time cost plus a mark-up margin after taking into consideration historical pricing of similar projects undertaken by the Target Group. For details of the Target Group's pricing strategies, please refer to the section headed "Business of the Target Group – Pricing strategies" in this prospectus.

The quotation/tender proposal prepared by the Target Group would either be accepted or rejected by customers. During the Track Record Period, the tender success rates of the Target Group were 55%, 45%, 51% and 47% for each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 respectively. The directors of the Target Company consider that the tender success rates attained by the Target Group during the Track Record Period were satisfactory given that the management has carefully assessed each potential project before deciding on which projects to pursue. The directors of the Target Company are of the view that an effective project evaluation and assessment could ensure the Target Group pursuing suitable projects that match with the firm's style and capability. It is believed that undertaking suitable projects could uplift performance of the design team in projects, thereby achieving higher customer satisfaction.

Schematic design stage

Develop tailor-made design plans and present design plans to client

Once the project is awarded by customer, the Target Group will assign a design team which generally consists of (i) two interior designers responsible for design plans and drawings; (ii) two 3-dimensional animators responsible for 3-dimensional rendering; (iii) one librarian responsible for sourcing materials and fabrics; and (iv) one team leader to supervise and manage the project. A floor plan is normally provided to the Target Group which lays down the interior space within which a design plan is to be developed. The design team in charge of the project will participate in meetings and site visits with customer to collaborate and build design inspiration that goes with the theme of the property, aesthetic and customer preference. Conceptual ideas are constructed from other similar projects or even images/pictures that evoke an emotion. Close communication with customer throughout the design process is required to come up with a mutually agreed direction that evolves into a detail design in the later stage. The design team of the Target Group will present to customers a schematic design proposal, normally in the form of 2-dimensional and/or 3-dimensional drawings, layout plans and elevation. The Target Group will design on interior finishings, colour scheme and concept of the aesthetics of the space. The presentation will normally contain preliminary design, visual image and samples of materials such as types of stone, metal, wood, marble and fabric proposed to be used.

The Target Group is responsible for providing interior design services to customers and is not involved in any works in relation to the structural elements of the premises which shall be carried out by responsible authorised persons/registered professionals under the Buildings Ordinance. Accordingly, the Target Group is not required to register under any buildings laws and regulations in Hong Kong for the provision of interior design services or be subject to any legal obligation arising thereof. For details of rules and regulations that are material to the Target Group's business, please refer to the section headed "Regulatory overview" in Appendix II to this prospectus.

Design development stage

Finalise design plans with detail drawings

After back and forth discussion with customer followed by amendments and refinement of schematic design, the parties will agree a design concept and move on to detail drawings. The Target Group will locate craftspeople who provide items including furniture, light fittings, decorative items, miscellaneous accessories and artworks that match with the theme and concept of the design. The Target Group will prepare detail drawings which set out the dimension lines to show placement of walls and partitions, measured layout of furniture and other key items to fit in the interior space with specifications of the use of materials and fabrics for tender and construction.

During the Track Record Period, the Target Group produced most of the design drawings by its own in-house professional designers. Subcontracting costs accounted for 1.2%, 2.6%, 3.9% and 12.5% of cost of services for each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 respectively.

Tender stage

Prepare tender drawing/documents for clients

Depending on the scope of work specified in the contract, the Target Group may assist in gathering quotations from craftspeople which set out the price, delivery time and quantity of the design products and custom materials for customers' consideration. Customers will normally make use of the design plan prepared by the Target Group in the design development stage for tendering of contractors. Amendments to the design plan and specifications may be made by the Target Group upon request by customers for tender negotiation purpose. The Target Group will be involved in assisting and advising customers on the selection of craftspeople who produce and install the design that meets clients' standard.

Project management/construction stage

Monitor contractors and work schedule and project handover

Although the contractors and craftspeople are directly engaged by customers, the Target Group may be involved in overseeing the entire execution process to ensure that the fitting-out works strictly adhere to the design plan and are completed in a quality and timely manner that meets customers' requirements. The Target Group will perform on-site inspection to ensure proper execution of design in accordance with the drawings and specifications. The Target Group will also attend site coordination meetings as necessary to discuss the issues encountered during the actualisation of the design. While the design has been accepted by customers, the design process is a continually evolving process throughout which numerous comments on the design will be received from customers and the Target Group will refine any of the design aspects to their satisfaction.

Upon completion of the construction, the Target Group and customer will conduct a final walkthrough inspection. In the event that any defects are detected, a defects list will be prepared for contractors to fix the relevant defects and the Target Group is responsible for monitoring contractors' rectification of defects. Upon satisfaction by customers, the Target Group will obtain a customer acceptance and confirmation of services, after which the project is practically completed and the premises is handed over to customers.

Defect liability period

Some customers may include a protective clause of defect liability period in the contracts and require the Target Group to co-ordinate and provide necessary drawings and information to contractors for rectification of defects during the defect liability period. The Target Group may also be required to monitor the relevant rectification works and assist customers in inspecting the works. During the Track Record Period, the defect liability period of projects undertaken by the Target Group generally ranged from approximately 6 to 12 months.

CUSTOMERS

Characteristics of the Target Group's customers

During the Track Record Period, customers of the Target Group were primarily property developers and listed companies in Hong Kong which engaged the Target Group to provide interior design services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries. The Target Group served a total of 39, 34, 34 and 32 customers for each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 respectively. The directors of the Target Company believe that customers may choose the interior design services provided by the Target Group for its capability to provide quality design that sublimates the interior space of the premises.

Top customers

For each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019, the percentage of the total revenue attributable to the largest customer amounted to approximately 31%, 24%, 35% and 37% of the total revenue of the Target Group respectively, while the percentage of the total revenue attributable to the five largest customers combined amounted to approximately 58%, 51%, 56% and 66% of the total revenue of the Target Group respectively.

Set out below is a breakdown of the Target Group's revenue by major customers:

For the year ended 31 March 2017:

Rank	Customer	Revenue	As % of total revenue
		HK$'000	*%*
1	Customer A	21,265	31
2	Customer C	7,203	12
3	Customer B	4,813	7
4	Customer D	3,006	4
5	Customer F	3,000	4
	Five largest customers combined	39,287	58
	All other customers	28,805	42
	Total revenue	68,092	100

For the year ended 31 March 2018:

Rank	Customer	Revenue	As % of total revenue
		HK$'000	*%*
1	Customer A	14,746	24
2	Customer G	4,810	8
3	Customer C	4,532	7
4	Customer B	4,021	6
5	Customer E	3,488	6
	Five largest customers combined	31,597	51
	All other customers	30,243	49
	Total revenue	61,840	100

For the year ended 31 March 2019:

Rank	Customer	Revenue	As % of total revenue
		HK$'000	*%*
1	Customer A	23,942	35
2	Customer J	4,300	6
3	Customer H	4,160	6
4	Customer E	3,594	5
5	Customer B	2,844	4
	Five largest customers combined	38,840	56
	All other customers	30,970	44
	Total revenue	69,810	100

For the three months ended 30 June 2019:

Rank	Customer	Revenue	As % of total revenue
		HK$'000	*%*
1	Customer A	6,091	37
2	Customer H	1,628	10
3	Customer J	1,218	8
4	Customer B	1,051	6
5	Customer K	752	5
	Five largest customers combined	10,740	66
	All other customers	5,544	34
	Total revenue	16,284	100

The table below sets forth the background information of the Target Group's top customers mentioned in the above table:

Customer	Services provided by the Target Group	Principal business of the customer	Location of properties served by the Target Group	Years of business relationship	Payment and credit terms
Customer A	Interior design services	Property development	Hong Kong	13	By cheque, due immediately upon receipt of invoice to 30 days credit period
Customer B	Interior design services	Property development	Hong Kong	6	By cheque, 30-45 days credit period
Customer C	Interior design services	Property development	Hong Kong, the PRC, Sri Lanka, the Philippines and Malaysia	12	By bank transfer/ cheque, due immediately upon receipt of invoice to 45 days credit period
Customer D	Interior design services	Property development	Hong Kong	7	By bank transfer/cheque, 30-45 days credit period
Customer E	Interior design services	Hotel operation	Philippines	9	By bank transfer, due immediately upon receipt of invoice to 30 days credit period
Customer F	Interior design services	Individual	Hong Kong	3	By cheque, due immediately upon receipt of invoice to 30 days credit period
Customer G	Interior design services	Property development	Hong Kong	8	By cheque, due immediately upon receipt of invoice to 60 days credit period
Customer H	Interior design services	Property development	Hong Kong	9	By cheque, 30-60 days credit period
Customer J	Interior design services	Property development	Hong Kong	3	By cheque, 30-45 days credit period
Customer K	Interior design services	Property development	Hong Kong	2	By cheque, 21-30 days credit period

None of the Directors, the proposed Directors, their associates, any Shareholders who owned more than 5% of the Shares or any of the Target Company's shareholders holding more than 5% of its shares as at the Latest Practicable Date had any interest in any of the five largest customers of the Target Group during the Track Record Period.

Profile of top customers

Customer A is a blue chip company listed on the main board of the Stock Exchange. Customer A is a conglomerate mainly engaged in property development while having businesses across different sectors including telecommunications, hotel operation, transport infrastructure and logistics. As at the Latest Practicable Date, Customer A has a market capitalisation of over HK$330 billion.

Customer B is a company listed on the main board of the Stock Exchange. Customer B is a conglomerate mainly engaged in property development while having businesses across different sectors including hotel operation, logistics and communications and media and entertainment. As at the Latest Practicable Date, Customer B has a market capitalisation of over HK$95 billion.

Customer C is an indirect holding company of a company listed on the main board of the Stock Exchange. The aforementioned listed subsidiary of Customer C is a conglomerate mainly engaged in property development while having businesses across different sectors including hotel operation and integrated logistics and international freight forwarding, and has a market capitalisation of over HK$35 billion as at the Latest Practicable Date.

Customer D is a holding company of a group companies in Hong Kong principally engaged in property development. Customer D is a conglomerate with around 60 years of business history in Hong Kong and actively participates in property construction, property finance, hotel operation and shipping businesses.

Customer E is a company listed on The Philippine Stock Exchange, Inc.. The core businesses of Customer E are office and retail leasing and residential development. Customer E is an associate of Customer C. As at the Latest Practicable Date, Customer E has a market capitalisation of around PHP15 billion (equivalent to around HK$2 billion).

Customer F is an individual.

Customer G is a blue chip company listed on the main board of the Stock Exchange. Customer G is a conglomerate mainly engaged in property development while having businesses across different sectors including department stores, operation of roads, commercial aircraft leasing, container handling and telecommunication and media businesses. As at the Latest Practicable Date, Customer G has a market capitalisation of over HK$110 billion.

Customer H is a blue chip company listed on the main board of the Stock Exchange. Customer H is a conglomerate mainly engaged in property development and investment while having businesses in hotel operation, department store operation and financial services. As at the Latest Practicable Date, Customer H has a market capitalisation of over HK$185 billion.

Customer J is a company listed on the main board of the Stock Exchange and principally engages in property development and hospitality and property investment and management. As at the Latest Practicable Date, Customer J has a market capitalisation of over HK$9 billion.

Customer K is a company listed on the main board of the Stock Exchange and principally engages in property development in the PRC and Hong Kong and also engages in the toll road sector in the PRC. As at the Latest Practicable Date, Customer K has a market capitalisation of over HK$10 billion.

Customer concentration

For each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019, revenue generated from the five largest customers of the Target Group amounted to approximately 58%, 51%, 56% and 66% of the total revenue respectively. Except for Customer F which is an individual client, all other top customers during the Track Record Period are either property developers or hotel owner. The directors of the Target Company are of the view that such customer concentration is not uncommon for interior design firms that specialise in serving corporate clients in Hong Kong and the business model is sustainable after taking into consideration the following:

1. The property market in Hong Kong is dominated by a few renowned property developers

The Target Group mainly engages in the corporate sector of the interior design industry and provides services to properties and premises mostly located in Hong Kong. As a result, business of the Target Group would be largely affected by the Hong Kong property market which is dominated by a few renowned property developers, including those top customers of the Target Group.

2. Stable and well established business relationship with property developers

The Target Group has a proven track record of over 20 years in the interior design industry. The directors of the Target Company consider that the Target Group has built up its brand name and reputation by consistently providing quality design services that meet customers' requirement. As at the Latest Practicable Date, the Target Group had over five years of business relationship with most of its top customers which are property developers or hotel owner and such long standing relationship is expected to continue in the future.

3. The Target Group has a solid customer base

Despite the fact that over 50% of total revenue of the Target Group was generated from the five largest customers during the Track Record Period, the remaining revenue was contributed by 34, 29, 29 and 27 customers for each of the year ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 respectively which include multinational companies and listed companies in Hong Kong. The directors of the Target Company are of the view that the Target Group possesses the expertise to undertake interior design projects pertaining to a wide variety of properties and premises and stay competitive in the industry.

4. Mutual and complementary reliance by customers of the Target Group

Notwithstanding that the interior design market is highly fragmented and under keen competition, it is not easy for customers to find perfect replacement of interior design firm for a particular project given that interior design services provided by each firm are subjective in nature and unique to its customers. According to the Frost & Sullivan Report, major entry barriers of the interior design industry are (i) industry experience; (ii) relationship with industry players; and (iii) reputation and credibility, all of which require time and persistent efforts to develop and once established would create trust and reliance with customer which are not easily replaceable. The Target Group is highly recognised by some of its major customers for its contemporary designs which are tailor made for each project, and thereby create an exclusive bonding between the Target Group and its customers.

Salient terms of quotation and/or contract

The Target Group will generally commence its services after a quotation and/or a separate contract, setting out details including breakdown description of works to be carried out, contract price, payment terms and other standard terms and conditions are duly signed by both the customer and the Target Group. A summary of the salient terms of a typical quotation and/or contract is set out below:

(i) Nature, scope and location of work

Nature and the scope of work to be carried out on specified premises and properties which typically cover design stage and project execution stage. Scope of work during design stage generally includes fitting out design, space planning, furniture layouts, furnishing proposals, concept direction, coordinate artworks, accessories and artifacts selection, assist in tendering and co-ordination in relation to interior design works. Scope of work during project execution stage generally includes periodic site supervision and inspection to monitor the fitting-out works and attendance of coordination meetings. The quotations and/or contracts also set out in detail the required deliverable for each of the design stages.

(ii) Fees and payment terms

The fees chargeable to customers are based on project progress. An agreed percentage of the fees are payable upon completion of specific works according to the payment schedules as set out in the quotations and/or contracts. During the Track Record Period, the credit period generally range from nil to 120 days from the date of receipt of invoice by the customers.

Some projects may also include the following terms:

(iii) Designation of the design team

Some of the customers may specify key personnel of the Target Group to be members of the design team to take charge of the projects. Changes to the key personnel of the design team require prior approval with the CV and/or other supporting documents of the new member submitted to the customer for approval.

(iv) Defect liability period

Some customers may include a protective clause of defect liability period in the contracts and require the Target Group to co-ordinate and provide necessary drawings and information to contractors for rectification of defects during the defect liability period. The Target Group may also be required to monitor the relevant rectification works and assist customers in inspecting the works. During the Track Record Period, the defect liability period of projects undertaken by the Target Group generally ranged from approximately 6 to 12 months.

Credit policy

The Target Group's credit term with its customers is, in general, nil to 120 days. The Target Group seeks to maintain control over its outstanding receivables. Overdue balances are reviewed by the senior management of the Target Group and evaluated on a case-by-case basis with respect to the appropriate follow-up actions to be taken, taking into consideration the customer's normal payment practice and payment history, the Target Group's relationship with the customer and the general economic environment.

For each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019, the average trade receivable turnover days were approximately 78.0 days, 170.4 days, 122.2 days and 70.4 days respectively.

Seasonality

The directors of the Target Company believe that the industry in which the Target Group operates does not exhibit any significant seasonality.

SALES AND MARKETING

The Target Group adopts direct marketing strategies through contact with existing customer base and business referrals. Contracts are sourced principally through the business network and business contacts established by Mr. Norman Chan over the years as well as from referrals by recurring customers. The Target Group has primarily focused on serving corporate clients in premises including private residences, corporate offices, service apartments, hotels, residential clubhouse, show flats and sales galleries mostly located in Hong Kong. The directors of the Target Company believe that the reputation established by the Target Group over the years and the proven track record of quality services provided to customers have gained trust and appreciation from customers that foster continuous growth of the business of the Target Group.

Pricing strategies

The contract price of projects is based on the Target Group's estimated project time cost plus a mark-up margin. When determining the appropriate mark-up, the Target Group takes into account customers' acceptable range of service price based on past dealings with the customer and a number of other factors including the scale, complexity and specification of the project, the Target Group's capacity, project duration, the estimated project time cost, historical fee charged for similar project, the current fee level in the market and the competitive conditions. The directors of the Target Company will strike a balance between profit margin and competitive pricing to win contracts when preparing quotation/tender proposal with an aim to achieve sustainable growth of the business. During the Track Record Period, the Target Group did not have any material loss-making projects.

SUPPLIERS AND SUBCONTRACTORS

Due to the nature of the business, the Target Group does not have any suppliers of materials. During the Track Record Period, the cost of services of the Target Group mainly consisted of staff costs directly attributable to projects. The Target Group produced most of the design drawings by its own in-house professional designers. Subcontracting costs accounted for approximately 1.2%, 2.6%, 3.9% and 12.5% of cost of services of the Target Group for each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019, respectively. Drafting subcontractors may be engaged by the Target Group for its project depending on the specific project progress and the manpower available to the Target Group. The Target Group has established a long business relationship with most of its selected drafting subcontractors of 1 to 8 years.

QUALITY CONTROL

The directors of the Target Company believe that management on the quality of services is essential to the Target Group's operations. To ensure the quality of interior design services, the Target Group has implemented the following procedures:

1. Design: the design is the core deliverable of the Target Group. To ensure the quality of design, the Target Group's design team will maintain close communication with customers to ensure the detailed design adheres to customers' specifications and expectations. The design team for a typical project would consist of five team members, led by a team leader who regularly reviews and comments on the design plan throughout the design process.

2. Project management: the Target Group is responsible for monitoring and coordinating contractors to materialise the design plan in a timely manner. The design team contacts customers regularly to ensure that they have full knowledge and understanding of the progress of the project. On-site inspection will be conducted to ensure that all works are in accordance with the customers' approved designs and requirements of customers. Any issues that may arise are immediately brought to the attention of management of the Target Group.

3. Design products and customised materials: the Target Group may assist in locating craftspeople who provide quality design products and customised materials. To ensure the quality of the decorative items and fit out materials to be used in the design, the Target Group conducts an inspection of all decorations and fit out materials upon delivery. Decorations and fit out materials that are substandard will be rejected.

ENVIRONMENTAL MATTERS

The interior design industry may have an inevitable impact on the environment as the services may indirectly generate waste as a result of the need to alter existing building materials so that the fit out and decoration services can be implemented. This may involve the disposal of construction waste which must be disposed at a designated waste disposal facility.

The directors of the Target Company confirm that during the Track Record Period and up to the Latest Practicable Date, the Target Group has not been the subject of any environmental non-compliance in Hong Kong.

Please refer to the section headed "Regulatory overview" in Appendix II to this prospectus for further information about environmental laws and regulations.

HEALTH AND SAFETY

The Target Group is committed to providing a safe and healthy working environment to its staff and others who may be affected by the Target Group's projects. Employees of the Target Group are not engaged in the provision of any construction works and the principal exposure of employees to any work safety occurs when they conduct on-site inspection of projects. The Target Group emphasises to its employees that strict compliance with safety requirements is vital to ensuring that there are no accidents to themselves or others who work on the projects.

During the Track Record Period, no prosecution has been laid against the Target Group by any relevant authorities in respect of violation of applicable laws or regulations of health and safety. No material injury and fatal accidents were recorded on the sites for which the Target Group was responsible during the Track Record Period. The directors of the Target Company are of the view that the Target Group has maintained sufficient third party liability insurance as and when necessary.

INSURANCE

The Target Group maintained employees' compensation insurance for its employees in accordance with the laws and regulations in Hong Kong. The Target Group also maintained professional indemnity insurance protecting against any civil liability, claims and losses arising from the performance of interior design services. The amount of insurance paid by the Target Group for each of the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 was approximately, HK$0.5 million, HK$0.6 million, HK$0.6 million and HK$0.1 million, respectively. The directors of the Target Company confirm that the above insurance coverage is adequate for the operation of the business and is in line with the industry norm.

EMPLOYEES

Number of employees by function

As at 31 March 2017, 2018 and 2019, 30 June 2019 and as at the Latest Practicable Date, the Target Group had a total of 64, 79, 81, 77 and 74 employees respectively. All of the employees of the Target Group are stationed in Hong Kong.

Set out below is the number of employees by function:

	As at 31 March			As at 30 June	As at the Latest Practicable
	2017	**2018**	**2019**	**2019**	**Date**
Management	3	3	5	5	5
Design	53	65	64	60	57
Accounting and finance, human resources, administration, information technology and others	7	9	9	9	9
Project administration	1	2	3	3	3
Total	64	79	81	77	74

Relationship with employees

The directors of the Target Company consider that the Target Group has maintained good relationship with its employees. The directors of the Target Company confirm that the Target Group has complied with all applicable labour laws and regulations in Hong Kong.

The directors of the Target Company confirm that the Target Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has the Target Group experienced any difficulties in the retention of experienced staff or skilled personnel during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, there was no labour union established by employees.

Training and recruitment policies

The Target Group intends to use its best effort to attract and retain appropriate and suitable personnel to serve the Target Group. The Target Group recruits employees primarily from the open market and internal reference and/or advertise openings through advertisement in newspapers and/or online websites. The Target Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the Target Group's business development. Internal trainings, seminars and design fair tours are organised by the Target Group from time to time to enhance designers' knowledge and professionalism.

Remuneration policy

The Target Group entered into separate employment contracts with each of the Target Group's employees in accordance with the applicable employment laws in Hong Kong.

The Target Group offers attractive remuneration package to its employees, the remuneration package includes basic salary, bonuses and other cash allowances or subsidies. The Target Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Target Group conducts annual review on salary raises, bonuses and promotions based on the performance of each employee.

PROPERTIES

As at the Latest Practicable Date, the Target Group did not own any property and leased the following material properties in Hong Kong for its business operations and its details are set out below:

Location	**Gross floor area** *(in approximate sq. ft.) (Note)*	**Key terms of the tenancy**	**Usage**
Offices A, B, C, D, E, F and G, 15/F, Montery Plaza, No. 15 Chong Yip Street, Kowloon, Hong Kong and Private Parking Spaces nos. P9, P10 and P11, 3/F, Montery Plaza, No. 15 Chong Yip Street, Kowloon, Hong Kong	11,905	From 1 January 2018 to 31 December 2019 (both days inclusive) at a monthly rent of HK$348,000	Office and Carpark

Note: The gross floor area was provided by the real estate agent.

During the Track Record Period, the Target Group did not experience any difficulty in renewing the leases. Please refer to the section headed "Past connected transactions" in this prospectus for details.

INTELLECTUAL PROPERTY RIGHTS

Trademark

As at the Latest Practicable Date, the Target Group registered five trademarks in Hong Kong and one trademark in the PRC. Details of such trademarks are set out in the paragraph headed "Intellectual property rights of the Target Group" in Appendix VII to this prospectus.

Domain name

As at the Latest Practicable Date, the Target Group registered two domain names, being btrworkshop.com and btr.com.hk in Hong Kong. Details of such domain names are set out in the paragraph headed "Intellectual property rights of the Target Group" in Appendix VII to this prospectus.

LICENSE AND PERMIT

There is no specific licensing requirement for conducting the Target Group's business in Hong Kong in addition to what is generally required for carrying on businesses in Hong Kong. As at the Latest Practicable Date, the Target Group had obtained all material licenses, permits and certificates which are necessary for its operations in Hong Kong. During the Track Record Period, the Target Group has undertaken some projects where the properties are located in the PRC, Macau, Sri Lanka, Malaysia, the Philippines, Japan and Thailand. As confirmed by the directors of the Target Company, there is no specific licensing/permit requirement for undertaking projects for overseas properties. Since the Target Group did not create any overseas permanent establishment in these jurisdictions, the Target Group is not subject to overseas income taxes in relation to these projects.

NON-COMPLIANCE

The directors of the Target Company confirm that the Target Group had no material non-compliance with all applicable laws and regulations in Hong Kong which would have a material effect on the Target Group's operation and financial position during the Track Record Period and up to the Latest Practicable Date.

RESEARCH AND DEVELOPMENT

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

LITIGATIONS AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, no member of the Target Group was engaged in any litigation, arbitration or claim of material importance against third parties, nor were the Target Group aware of any litigation, arbitration or claim which was pending or threatened by third parties against any member of the Target Group that would have a material adverse effect on the Target Group's results of operations or financial condition.

RISK MANAGEMENT AND INTERNAL CONTROL

Hedging

As at the Latest Practicable Date, the Target Group did not employ any hedging strategies or policies. During the Track Record Period, while certain sales of the Target Group were settled in RMB and Japanese yen, the amount of sales of the Target Group that were settled in RMB and Japanese yen is insignificant.

The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Internal control review

The Target Group has engaged an independent internal control adviser which has been previously engaged in internal control review projects for a number of companies listed on the Stock Exchange with engagement team comprising members of the Hong Kong Institute of Certified Public Accountants, The Institute of Internal Auditors and Information Systems Audit and Control Association, to perform a detailed evaluation of the adequacy and effectiveness of the Target Group's internal control system including the areas of financial, operation, compliance and risk management with an aim to, among other matters, improving the Target Group's corporate governance.

The risk management and internal control system and procedures of the Target Group are designed to meet its specific business needs as well as to minimise risk exposure. The Target Group has adopted different internal guidelines, along with written policies and procedures to monitor and reduce the impact of risks which are relevant to its business, control its daily business operations, improve corporate governance and ensure compliance with the applicable laws and regulations. The proposed Directors and senior management of the Target Group are responsible for identifying and analysing the risks associated with the Target Group's operations, preparing risk mitigation plans, assessing and reporting the respective effectiveness. For the purpose of ensuring the sound and proper implementation of risk management and internal control policies, the Target Group has also adopted various measures, including but not limited to the following:

– improve the existing internal control framework by adopting a set of internal control manual and policies, which cover corporate governance, risk management, operations and legal matters;

– Messis Capital Limited has been appointed as the compliance adviser of the Company, further information on which is set forth in the section headed "Directors and senior management of the Restructured Group – Compliance Adviser" in this prospectus;

– the proposed Directors have received trainings conducted by the legal adviser to the Company as to Hong Kong law on the reverse takeover on the continuing obligations, duties and responsibilities of directors of publicly listed companies under the applicable laws of Hong Kong;

– the Target Group will assess and monitor the implementation of the internal control manual and policies regularly; and

– the Target Group will provide necessary internal training to its staff with respect to the internal control and corporate governance procedures.

In June 2018, the independent internal control adviser performed follow up review. The independent internal control adviser was not aware of any significant deficiencies in the Target Group's internal control design.

ONE-OFF TRANSACTION WITH WALDORF HOLDINGS

The Target Group has entered into the following transaction with a person who will, upon Completion, become a connected person of the Company (as defined under Chapter 20 of the GEM Listing Rules). Given that the transaction was one-off in nature and entered into prior to Completion, it will not be classified as connected transaction under Chapter 20 of the GEM Listing Rules. The Company will, however, comply at all times with the other applicable provisions under Chapter 20 of the GEM Listing Rules in respect of such connected transactions entered into after Completion.

Office and Car Park Lease

As at the Latest Practicable Date, Waldorf Holdings was wholly and beneficially owned by Mr. Norman Chan, who would become a Controlling Shareholder and an executive Director of the Company upon Completion. Accordingly, Waldorf Holdings will be an associate of Mr. Norman Chan under Rule 20.10(1)(c) of the GEM Listing Rules and hence a connected person of the Company under Rule 20.07(4) of the GEM Listing Rules upon Completion.

The tenancy agreement

Waldorf Holdings is the sole registered and beneficial owner of offices A, B, C, D, E, F and G on 15th Floor and private parking space Nos. P9, P10 and P11 on 3rd Floor of Montery Plaza at No. 15 Chong Yip Street in Kowloon (the "**Property**").

The Target Group has entered into the following tenancy agreement (the "**Tenancy Agreement**") with Waldorf Holdings which will continue after Completion:

Date of agreement	:	22 February 2018
Tenant	:	BTR HK
Landlord	:	Waldorf Holdings
Term	:	1 January 2018 to 31 December 2019
Monthly rent payable	:	HK$348,000 (inclusive of all government rent and rates and management fee) payable in advance without any deduction on the first day of each and every calendar month
Deposit	:	HK$696,000 (being two months rent)
Use of property	:	Principal place of business in Hong Kong and parking space for the Target Group
Renewal option	:	The Target Group has an option to renew the tenancy for a period of one year with a monthly rent of HK$348,000 (inclusive of all government rent and rates and management fee)

Prior to the leasing of the Property, the Target Group had leased other premises with an aggregate gross floor area of approximately 10,137 sq.ft. for office use from an independent third party. Due to business expansion, the Target Group, started to lease the Property as its principal place of business in September 2016, with a monthly rental of HK$348,000. The amount of rent paid by the Target Group to Waldorf Holdings amounted to approximately HK$2,274,000, HK$4,176,000, HK$4,176,000 and HK$1,044,000 for each of the year ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 respectively.

Directors' view on the Tenancy Agreement

The terms of the Tenancy Agreement were agreed between BTR HK and Waldorf Holdings with reference to the prevailing market rent at relevant time. The Directors and the directors of the Target Company consider that the Tenancy Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of BTR HK, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM Listing Rules implication

Pursuant to HKFRS 16 which is effective for accounting periods beginning on or after 1 January 2019, the Target Group as the lessee has to recognise a right-of-use asset representing its right to use the Property and a lease liability representing its obligation to make rental payments. Therefore, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset by the Target Group. Given that the Tenancy Agreement was entered into prior to Completion, it will not be classified as connected transaction under Chapter 20 of the GEM Listing Rules.

Following Completion, the Target Group may renew and/or enter into new tenancy agreement with Waldorf Holdings from time to time. In such event, the Company shall also comply with Chapter 20 of the GEM Listing Rules as and when appropriate.

PROPOSED DIRECTORS

All the existing Directors will resign as Directors which shall take effect immediately following Completion.

The proposed Directors of the Restructured Group immediately following Completion consist of five Directors, of whom two are executive Directors and three are independent non-executive Directors. The Board is responsible and has general powers for the management and conduct of the Restructured Group's business.

The table below sets out the information in respect of members of the Board immediately following the Completion:

Name	Age	Position	Roles and responsibilities	Date of joining the Restructured Group	Date of appointment as Director	Relationship with other Directors and members of senior management
Mr. Chan Norman Enrique (陳樂文)	59	Executive Director, chairman of the Board and chief executive officer	Overall management, strategic development, financial management and major decision-making of the Restructured Group	12 June 1995	Date of Completion	Nil
Mr. Lee Alex Kam-fai (李錦輝)	54	Executive Director	Overall operation of the Restructured Group	July 1995	Date of Completion	Nil
Mr. Kwong U Hoi Andrew (鄺宇開)	53	Independent non-executive Director	Overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company	Date of Completion	Date of Completion	Nil
Mr. Wong Jonathan (黃若鋒)	51	Independent non-executive Director	Overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company	Date of Completion	Date of Completion	Nil
Mr. Chi Chi Hung Kenneth (季志雄)	51	Independent non-executive Director	Overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company	Date of Completion	Date of Completion	Nil

Executive Directors

Mr. Chan Norman Enrique (陳樂文), aged 59, is proposed to be appointed as an executive Director, chairman of the Board and chief executive officer of the Company immediately following Completion. Mr. Norman Chan is one of the founders of BTR Workshop and appointed as a director of BTR Workshop since June 1995. Mr. Norman Chan is the sole director of BTR Asia and BTR Intl, and is one of the directors of BTR HK, BTR Workshop and the Target Company. Mr. Norman Chan will be responsible for the overall management, strategic development, financial management and major decision-making of the Restructured Group.

Mr. Norman Chan has over 30 years of experience in the interior design and architecture industry in Hong Kong. He joined Wong & Ouyang Architects & Engineers Limited as an architectural assistant from 1986 to 1988. He later served as an assistant architect at Taoho Design Architects Limited from 1988 to 1991. Thereafter, Mr. Norman Chan was employed as an architectural design executive at Anthony Ng Architects Limited from 1991 to 1992. He subsequently joined D. Heung & Associates, Architects & Engineers Limited from 1992 to 1995 as a design associate. He established BTR Workshop in June 1995, since when he has been a director of BTR Workshop. Mr. Norman Chan obtained a bachelor's degree of architecture from Rhode Island School of Design in the United States in June 1985.

Mr. Norman Chan is one of the ultimate beneficial owners of Whistle Up. He owns 96% of the issued share capital of Whistle Up which will hold approximately 70% of the Enlarged Issued Share Capital upon Completion. Thus, Mr. Norman Chan will be one of the Controlling Shareholders upon Completion.

Mr. Norman Chan was a director of the following company which was incorporated in Hong Kong prior to its dissolution:

Name of company	Principal business activity prior to its dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Man Shing Building Materials Limited	Sales of plywood	15 July 2005	Dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance *(Note)*	Cessation of business

Note:

Under section 291AA of the Predecessor Companies Ordinance, an application for deregistration can only be made by the company, a director of the company or a member of the company 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. Norman Chan confirmed that there was no wrongful act on his part leading to the above dissolution of the company and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of this company.

Mr. Norman Chan did not hold any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Code provision A.2.1 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Norman Chan will act as the chairman and the chief executive officer upon Completion. In view of Mr. Norman Chan being one of the founders of BTR Workshop, and his responsibilities in overall management and major decision-making, the Board believes that it is in the interests of both the Restructured Group and the Shareholders to have Mr. Norman Chan taking up both roles for effective management and business development. Therefore, the Directors consider the deviation from Code Provision A.2.1 of the CG Code to be appropriate in such circumstance. The Board will continue to review the effectiveness of the corporate governance structure of the Restructured Group in order to assess whether separation of the roles of the chairman and chief executive officer is necessary.

Mr. Lee Alex Kam-fai (李錦輝), aged 54, is proposed to be appointed as an executive Director of the Company immediately following Completion. Before joining the Target Group, Mr. Alex Lee was a design layout artist at Edmonton Chinese News from 1986 to 1989. He worked as an assistant at Barry John Architect, Brinsmead Ziola Architect & Associates from 1992 to 1993. Mr. Alex Lee worked as a drafting technician at Northern Alberta Institute of Technology from January 1994 to June 1994. Subsequently, he was employed as a draftsman at D. Heung & Associates, Architects & Engineers Limited from June 1994 to June 1995. Mr. Alex Lee is one of the founding staff of the BTR Workshop in July 1995. Mr. Alex Lee is one of the directors of BTR HK and the Target Company. Mr. Alex Lee will be mainly responsible for the overall operation of the Restructured Group.

Mr. Alex Lee has over 20 years of experience in the interior design and decoration industry in Hong Kong. Mr. Alex Lee obtained a diploma in architectural technology from the Northern Alberta Institute of Technology in Canada on 22 April 1994.

Mr. Alex Lee is one of the ultimate beneficial owners of Whistle Up, and owns 3% of the issued share capital of Whistle Up which will hold approximately 70% of the Enlarged Issued Share Capital upon Completion.

Mr. Alex Lee did not hold any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Independent non-executive Directors

Mr. Kwong U Hoi Andrew (鄺宇開) ("**Mr. Kwong**"), aged 53, is proposed to be appointed as an independent non-executive Director of the Company immediately following Completion. He will be mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company.

Mr. Kwong obtained a bachelor of law from the University of Liverpool in the United Kingdom in July 1989. He has been admitted as a solicitor of the Supreme Court of England and Wales since November 1992 and a member of the Law Society of Hong Kong since May 1993. In October 2010, Mr. Kwong completed the advanced management program at Harvard Business School in the United States.

Mr. Kwong has over 23 years of work experience in the legal profession. During the period from 1990 to 1999, he worked at various international law firms in both the United Kingdom and Hong Kong including Barlow Lyde & Gilbert (now known as Clyde & Co), Simmons & Simmons, Denton Hall (now known as Dentons) and Linklaters & Paines (now known as Linklaters). During the period from 2000 to 2002, Mr. Kwong worked as a senior investment manager of Hantak Limited, a subsidiary of Hang Lung Group Limited, a company listed on the Stock Exchange (stock code: 0010). Mr. Kwong later returned to the legal profession and from December 2002 to March 2013, he worked at various multinational corporations, including DHL Express, a division of DHL, an international logistics company, as legal counsel for the Asia Pacific regional office and Cigna Corporation, a company listed on the New York Stock Exchange (stock code: NYSE: CI), as general counsel for the Asia Pacific region, which covered multiple individual markets in the Asia Pacific region and handled regional and cross-border matters. From 2013 to 2015, Mr. Kwong worked as the chief counsel, Asia at AECOM, an American corporation listed on the New York Stock Exchange (stock code: NYSE: ACM). Since November 2016, Mr. Kwong became a director and remains as a director of Brizan Investment Limited which is an investment company primarily focusing on robotics ecosystem investments, incorporated in the Seychelles.

Mr. Kwong was a director of the following companies which were incorporated in Hong Kong prior to their dissolutions:

Name of company	Principal business activity prior to its dissolution	Date of dissolution	Means of dissolution	Reason(s) for dissolution
BTR Company Limited (formerly known as: Lermontov Limited) *(Note 1)*	Garment trading business	14 August 2009	Dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance *(Note 2)*	Cessation of business
Prometrax Limited	Lighting business	30 March 2007	Dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance *(Note 2)*	Cessation of business
Steelahead Limited	Investment holding	15 September 2017	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 2)*	Cessation of business

Notes:

1. As confirmed by Mr. Kwong, BTR Company Limited was neither an associate (as defined on the GEM Listing Rules) nor related company of the Target Group and the above companies were solvent at the time being dissolved.

2. Under section 291AA of the Predecessor Companies Ordinance/section 750 of the Companies Ordinance, an application for deregistration can only be made by the company, a director of the company or a member of the company 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. Kwong confirmed that there was no wrongful act on his part leading to the above dissolution of each of the companies and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of these companies.

Mr. Kwong did not hold any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Wong Jonathan (黃若鋒) ("Mr. Wong"), aged 51, is proposed to be appointed as an independent non-executive Director of the Company immediately following Completion. He will be mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company.

Mr. Wong obtained a bachelor's degree of business administration from the University of Western Ontario in Canada in June 1991. He then completed Common Professional Examination, a postgraduate law course, offered by Manchester Metropolitan University in the United Kingdom through long distance learning at School of Continuing Education of the University of Hong Kong in July 1996. He was called to the Bar in Hong Kong in 1998 and by Inner Temple in the United Kingdom in July 1998. He has been qualified as a fellow of Hong Kong Institute of Arbitrators since July 2011. From January 2017 to January 2018, he was a council member of the Hong Kong Bar Association, a position which he previously served from January 2009 to January 2011.

Mr. Wong has more than 20 years of experience in legal industry. He was called to the Bar in 1998 and is now practicing as a barrister at Parkside Chambers in Hong Kong. He has handled cases involving civil litigation, in particular, commercial disputes. Mr. Wong also involved in arbitration proceeding, mostly construction-related disputes and mediation. Mr. Wong also sat as deputy judge at the District Court during December 2010 to January 2011.

Mr. Wong was a director of the following company which was incorporated in Hong Kong prior to its dissolution:

Name of company	Principal business activity prior to its dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Western Business School Society Limited	Alumni association	15 March 2002	Dissolved by striking off by the Registrar of Companies of Hong Kong pursuant to Section 291 of the Predecessor Companies Ordinance *(Note)*	Cessation of business

Note:

Under section 291 of the Predecessor Companies Ordinance, where Registrar of Companies in Hong Kong has reasonable cause to believe that a company is not carrying on business or in operation, the Registrar of Companies in Hong Kong may strike the name of the company off the register after the expiration of a specified period.

Mr. Wong confirmed that there was no wrongful act on his part leading to the above dissolution of the company and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of this company.

Mr. Wong did not hold any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Chi Chi Hung Kenneth (季志雄) ("Mr. Chi"), aged 51, is proposed to be appointed as an independent non-executive Director of the Company immediately following Completion. He will be mainly responsible for overseeing the management independently and providing independent judgment on the issues of strategy, performance, resources and standard of conduct of the Company.

Mr. Chi obtained a bachelor of arts in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1991. He was admitted as an associate member under The Chartered Association of Certified Accountants in the United Kingdom in November 1994 and has maintained his fellowship status since November 1999. Mr. Chi has been an associate member under The Institute of Chartered Secretaries and Administrators in the United Kingdom since November 1994, an associate member of the Hong Kong Institute of Chartered Secretary in November 1994, and an associate member under The Hong Kong Institute of Certified Public Accountants since April 1996.

Mr. Chi has over 20 years of experience in accounting, financial control and corporate governance. Mr. Chi held/is holding directorship in the following public listed companies in the past three years:

Position	Name of company (stock code)	Duration
Executive director	Hua Yi Copper Holdings Limited (0559) (Now known as DeTai New Energy Group Limited)	January 2010 – Present
Independent non-executive director	Sam Woo Holdings Limited (2322) (Now known as Noble Century Investment Holdings Limited)	April 2011 – Present
Independent non-executive director	Perfect Shape (PRC) Holdings Limited (1830) (Now known as Perfect Shape Medical Limited)	December 2011 – Present
Independent non-executive director	Goodtop Tin International Holdings Limited (0195) (Now known as Greentech Technology International Limited)	October 2012 – Present
Executive director	Ceneric (Holdings) Limited (0542) (Now known as TFG International Group Limited)	October 2010 – June 2017

Mr. Chi was a director of the following companies which were incorporated in Hong Kong prior to their dissolution:

Name of company	Principal business activity prior to its dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Ceneric Plaza Limited	Property management service	9 May 2014	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Ceneric Property Consultants Limited	Property consultation services	25 July 2014	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Ceneric Securities Nominees Limited	Nominee services	10 October 2014	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business

Name of company	Principal business activity prior to its dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Ceneric Villa Limited	Property management	9 May 2014	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Consing Investment Limited	Investment holding	20 January 2017	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Gain Wealth Trading Limited	Investment holding	25 April 2003	Dissolved by striking off by the Registrar of Companies of Hong Kong pursuant to Section 291 of the Predecessor Companies Ordinance *(Note 2)*	Cessation of business
Grace Bright Trading Limited	Never carried on business	19 June 2015	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Grand Creation International Trading Limited	Never carried on business	19 June 2015	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
HKVN Limited	Travel business	15 November 2014	Dissolved by members' voluntary winding up pursuant to the Companies (Winding Up and Miscellaneous) Ordinance	Cessation of business
Joint China Trading Limited	Trading of garment	16 December 2005	Dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance *(Note 1)*	Cessation of business
M.S. Finance Limited	Investment holding	20 June 2005	Dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance *(Note 1)*	Cessation of business
Medtech (H.K.) Company Limited	Investment holding	17 March 2016	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business

Name of company	Principal business activity prior to its dissolution	Date of dissolution	Means of dissolution	Reason for dissolution
Medtech International Trading Company Limited	Trading of watches and watches components	10 February 2016	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Mui Hong Kong Limited	Investment holding	9 May 2014	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Pool Heng Nominees Limited	Nominee services	20 June 2014	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Rokenan Enterprises Limited	Investment holding	30 July 2004	Dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance *(Note 1)*	Cessation of business
Topwide International Trading Limited	Never carried on business	3 February 2017	Dissolved by deregistration pursuant to Section 750 of the Companies Ordinance *(Note 1)*	Cessation of business
Way Bright Investment Limited	Investment holding	31 March 2014	Dissolved by members' voluntary winding up pursuant to the Companies (Winding Up and Miscellaneous) Ordinance	Cessation of business
Win Smarter Limited	Investment holding	4 July 2008	Dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance *(Note 1)*	Cessation of business

Notes:

1. Under section 291AA of the Predecessor Companies Ordinance/section 750 of the Companies Ordinance, an application for deregistration can only be made by the company, a director of the company or a member of the company 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.

2. Under section 291 of the Predecessor Companies Ordinance, where Registrar of Companies in Hong Kong has reasonable cause to believe that a company is not carrying on business or in operation, the Registrar of Companies in Hong Kong may strike the name of the company off the register after the expiration of a specified period.

Mr. Chi confirmed that there was no wrongful act on his part leading to the above dissolution of each of the companies and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of these companies.

Save as disclosed above, Mr. Chi has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Each of the proposed Directors will enter into a service contract or letter of appointment with the Company for an initial term of three years commencing from the date of Completion and to continue thereafter unless terminated by either party giving not less than three months' notice in writing.

Each of the proposed Directors will be entitled to the amount of annual emolument for acting as the director of, committee member of and/or holding other position with the Company or other members of the Restructured Group to be determined by the Remuneration Committee. In addition, each of the proposed Directors may be entitled to, if so recommended by the Remuneration Committee and approved by the Board at its absolute discretion, a discretionary bonus, the amount of which is determined with reference to the operating results of the Restructured Group and the performance of the proposed Directors, provided that the relevant proposed Director shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board approving the amount of annual salary, discretionary bonus and other benefits payable to him.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Save as disclosed above, each of the proposed Directors confirms that he (i) did not hold any directorships in the last three years prior to the Latest Practicable Date in public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) does not hold any other positions with any member of the Restructured Group; (iii) does not, nor the Controlling Shareholders, nor their respective close associates, have an interest in any business which competes or may compete, directly or indirectly, with the Restructured Group, which is required to the disclosed under the GEM Listing Rules; and (iv) does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company or the Target Company nor any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, each of the proposed Directors is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under Rule 17.50(2) of the GEM Listing Rules.

SENIOR MANAGEMENT

The Target Group has experienced management teams of relevant experience in interior design and decoration. The following table sets out certain information concerning the senior management of the Target Group who will remain following Completion. The Company believes that the Target Group's experienced management team has contributed to the success of the Target Group and will further enhance the Target Group's execution capabilities.

Name	Age	Position	Roles and responsibilities	Date of joining the Target Group	Relationship with other Directors and members of senior management
Mr. Chan Norman Enrique (陳樂文)	59	Executive Director, chairman of the Board and chief executive officer	Overall management, strategic development, financial management and major decision-making of the Restructured Group	12 June 1995	Nil
Mr. Lee Alex Kam-fai (李錦輝)	54	Executive Director	Overall operation of the Restructured Group	July 1995	Nil
Mr. Leung Shiu Fung Kevini (梁韶豐)	46	Associate director	Overall project execution, design strategy and client relations development	23 March 2015	Nil
Mr. Yeung Sai Cheong (楊世昌)	39	Financial controller	Financial planning, internal control and financial reporting of the Restructured Group	12 April 2018	Nil
Mr. Cheung Chi Kin (張智鍵)	41	Chief operation officer	Overseeing the administration, human resources, operation and business development of the Restructured Group	7 August 2018	Nil

Mr. Norman Chan is proposed to be an executive Director, the chairman of the Board and the chief executive officer of the Company immediately following the Completion. For his biographical information, please refer to the section headed "Directors and senior management of the Restructured Group – Proposed Directors – Executive Directors" above.

Mr. Alex Lee is proposed to be an executive Director immediately following the Completion. For his biographical information, please refer to the section headed "Directors and senior management of the Restructured Group – Proposed Directors – Executive Directors" above.

Mr. Leung Shiu Fung Kevini (梁韶豐) ("Mr. Leung"), aged 46, joined the Target Group in March 2015 and is currently an associate director of the Target Group. Mr. Leung is mainly responsible for the overall project execution, design strategy and client relations development of the Target Group.

Mr. Leung has over 19 years of experience in interior design. He was first employed by BTR Workshop in 1999. In 2009, Mr. Leung established BTR HK together with Mr. Norman Chan and Mr. Alex Lee, and on 28 December 2011, Mr. Leung transferred all his shares in BTR HK to Mr. Norman Chan before leaving the Target Group. For further details, please refer to the section headed "History and background of the Target Group" in this prospectus. During the period from January 2012 to March 2015, Mr. Leung worked at other interior design companies, including AB Concept Limited where he worked as a senior project designer. He later returned to the Target Group in March 2015 and has been working there as an associate director.

Mr. Leung obtained a bachelor of arts in interior design from The Hong Kong Polytechnic University in December 1999.

Mr. Leung has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Yeung Sai Cheong (楊世昌) ("**Mr. Yeung**"), aged 39, is proposed to be appointed as the financial controller of the Company immediately following Completion. Mr. Yeung is primarily responsible for overseeing the overall financial management of the Target Group.

Mr. Yeung obtained a bachelor of arts in accounting and finance from Leeds Metropolitan University (now known as Leeds Beckett University) in the United Kingdom in July 2004. He was admitted as a member and as a fellow in February 2009 and February 2014 respectively of the Association of Chartered Certified Accountants in the United Kingdom.

Mr. Yeung has more than 13 years of audit experience. Prior to joining the Company, Mr. Yeung worked for David T.W. Fong & Co in the audit division from August 2004 to June 2007. From July 2007 to November 2013, he then worked at Nexia Charles Mar Fan & Co with his last position as an audit supervisor. From November 2013 to April 2018, he worked at Lo and Kwong C.P.A. Company Limited/ Asian Alliance (HK) CPA Limited (formerly known as Zhonglei (HK) CPA Company Limited) as an audit manager. In April 2018, he joined BTR HK as the financial controller.

Mr. Yeung has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Cheung Chi Kin (張智鍵) ("**Mr. Cheung**"), aged 41, is appointed as chief operation officer of the Target Group on 7 August 2018. He is responsible for overseeing the administration, human resources, operation and business development of the Target Group.

He is a charterholder of the CFA Institute as a chartered financial analyst since September 2010. He received his bachelor of engineering degree in civil and structural engineering from The Hong Kong University of Science and Technology in November 2000 and obtained a graduate diploma in finance from The Chinese University of Hong Kong in October 2003.

Mr. Cheung worked at Atkins China Limited, an international engineering consultancy firm, from October 2000 to February 2005. His last position was an assistant traffic engineer. Subsequently, Mr. Cheung joined Koffman Investment Limited from June 2005 to October 2008 as a project consultant. He then joined Koffman Financial Group Limited from November 2008 to February 2009 as project consultant. Immediately prior to joining the Target Group, Mr. Cheung was a project consultant at Koffman Corporate Service Limited from March 2009 to August 2018, a company that is principally engaged in the provision of business solutions and consultancy services, during the period with Koffman Corporate Service Limited, he was also appointed as a supervisor for a residential property project by Henrich Development Limited from April 2011 to July 2013.

Mr. Cheung has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

COMPANY SECRETARY

Ms. Hung Wai Man (孔慧敏) ("Ms. Hung"), aged 34, is the current company secretary and an executive Director of the Company. It is confirmed by the Investor that Ms. Hung will only continue to be the company secretary of the Company following Completion. Ms. Hung is primarily responsible for overseeing the overall company secretarial matters of the Company.

Ms. Hung obtained a bachelor's degree in business administration from The Hong Kong University of Science and Technology in November 2007. She is a member of Hong Kong Institute of Certified Public Accountants and has practical experience in auditing and accounting practice and handling corporate governance matters for listed companies.

Save as disclosed above, Ms. Hung has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

COMPLIANCE OFFICER

Mr. Norman Chan will be appointed as the compliance officer of the Company immediately following Completion.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company will comply with the requirements under the CG Code as set out in Appendix 15 to the GEM Listing Rules.

The proposed Directors will review the Company's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in Company's corporate governance report which will be included in the Company's annual reports.

The Company has adopted a board diversity policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. Pursuant to the board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The proposed Directors have a balanced mix of experiences and industry background, including but not limited to experiences in interior design and architecture, legal and financial industries. The proposed Directors also have a diverse education background including architecture, law, business administration and accountancy. The proposed independent non-executive Directors include solicitor, barrister and certified accountant. The three proposed independent non-executive Directors who have different industry backgrounds and professional qualifications, represent more than one third of the Board members. Taking into account the Company's business model and specific needs upon Completion as well as the different backgrounds and abilities of the proposed Directors, the composition of the Board satisfies the board diversity policy, despite the lack of gender diversity. The Company will continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. While the Company recognises that gender diversity at the Board level can be enhanced given its current composition of all-male proposed Directors, the Company is committed to provide career development opportunities for female staff and seek to shortlist at least one suitable female candidate for all future appointments to the Board. Nevertheless, the Company will continue to apply the principle of appointments based on merits with reference to the board diversity policy as a whole.

The nomination committee is responsible for ensuring the diversity of the Board. The nomination committee will review the composition of the Board with reference to the board diversity policy on an annual basis and give suggestion(s) to the Company to address any diversity issue(s) in respect to the composition of the Board if necessary. The nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and the Company will disclose the implementation of the board diversity policy in the corporate governance report on an annual basis.

BOARD COMMITTEES

Audit Committee

The Company has established an audit committee of the Company (the "**Audit Committee**") with its written terms of reference in compliance with the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board on matters related to corporate governance. The Audit Committee will comprise three proposed independent non-executive Directors, namely Mr. Kwong U Hoi Andrew, Mr. Wong Jonathan and Mr. Chi Chi Hung Kenneth and will be chaired by Mr. Chi Chi Hung Kenneth upon Completion.

Remuneration Committee

The Company has established a remuneration committee of the Company (the "**Remuneration Committee**") with its written terms of reference in compliance with the GEM Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to make recommendations on the remuneration of the Company's executive Directors and senior management and to recommend the Board on the remuneration of non-executive Directors. The Remuneration Committee will comprise three proposed independent non-executive Directors, namely Mr. Kwong U Hoi Andrew, Mr. Wong Jonathan and Mr. Chi Chi Hung Kenneth and will be chaired by Mr. Kwong U Hoi Andrew upon Completion.

Nomination Committee

The Company has established a nomination committee of the Company (the "**Nomination Committee**") with its written terms in compliance with the CG code. The primary duties of the Nomination Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board and/or in senior management. The Nomination Committee will comprise three proposed independent non-executive Directors, namely Mr. Kwong U Hoi Andrew, Mr. Wong Jonathan and Mr. Chi Chi Hung Kenneth and will be chaired by Mr. Wong Jonathan upon Completion.

REMUNERATION POLICY

The Directors and senior management receive compensation in the form of salaries and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of the Restructured Group. The Restructured Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and senior management and the performance of the Restructured Group.

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, the time devoted to the Restructured Group and the performance of the Restructured Group.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

For each of the three years ended 31 March 2019 and the three months ended 30 June 2019, the aggregate remuneration, including fees, salaries, other allowances, other benefits in kind, discretionary bonuses and retirement benefit scheme contributions, paid to the proposed Directors by the Target Group were approximately HK$2.3 million, HK$2.6 million, HK$2.6 million and HK$0.6 million, respectively.

The five highest paid individuals in the Target Group for the years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 included the proposed Directors. The aggregate emoluments of the remaining three highest paid individuals during the years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019 were approximately HK$2.7 million, HK$2.5 million, HK$2.5 million and HK$0.6 million, respectively.

During the Track Record Period, no emoluments were paid by the Target Group to the proposed Directors or the above highest paid individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office as a director or management of any members of the Target Group. Save as disclosed above, no other payments have been made or are payable in respect of each of the three years ended 31 March 2019 and the three months ended 30 June 2019 by the Target Group to the proposed Directors.

Under the arrangements currently proposed, conditional upon Completion, the aggregate annual remuneration (including fees, salaries, other allowances, other benefits in kind, discretionary bonuses and retirement benefit scheme contribution) payable by the Target Group to the proposed Directors for the year ending 31 March 2020 is estimated to be approximately HK$2.7 million.

COMPLIANCE ADVISER

In accordance to Rule 6A.19 of the GEM Listing Rules, the Company has appointed Messis Capital Limited as its compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

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

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where the Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, developments or results of the Company deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of the listed issuer under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser shall commence upon Completion and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the financial results for the second full financial year commencing after Completion and such appointment shall be subject to extension by mutual agreement.

CONTROLLING SHAREHOLDERS

Immediately after the Completion, the Investor will directly hold approximately 70% of the Enlarged Issued Share Capital. The Investor is held as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok respectively. As such, each of the Investor and Mr. Norman Chan will become a Controlling Shareholder.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Save for the lease of certain properties from a close associate of a Controlling Shareholder as disclosed in the section headed "Past connected transactions" in this prospectus, the Directors and the proposed Directors do not expect there to be any significant transactions between the Restructured Group and the Controlling Shareholders and their respective associates upon Completion. The Directors and the proposed Directors believe that the Restructured Group is capable of carrying on the Restructured Group's business independently from the Controlling Shareholders and their respective associates after the Completion, having taken into consideration of the following factors:

(i) Management independence

Upon Completion, the Board will comprise two executive Directors and three independent non-executive Directors, details of whom are set out in the section headed "Directors and senior management of the Restructured Group" in this prospectus.

Upon Completion, no proposed executive Director will have overlapping roles or responsibilities in any business other than the Restructured Group's business nor has any business which competes or is likely to compete, either directly or indirectly, with the Restructured Group's business.

Each of the Directors is aware of his/her fiduciary duties as a director which require, among other things, that he acts for the benefit and in the best interests of the Company and does not allow any conflict between his/her duties as a Director and his/her interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Restructured Group and the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant meeting of the Board in respect of such transaction and shall not be counted in the quorum.

(ii) Operational independence

The business of the Restructured Group is independent of and not connected with the Controlling Shareholders. Having considered that (i) the Restructured Group established its own organisational structure comprising individual departments, each with specific areas of responsibilities; (ii) the Restructured Group has not shared operational resources, such as customers, marketing, sale and general administration resources with the Controlling Shareholders and/or their associates; (iii) the Restructured Group has also established a set of internal controls to facilitate the effective operation of its business; (iv) as at the Latest Practicable Date, the Controlling Shareholders had no interest in any of the customer, supplier or other business partners of the Restructured Group, the Directors and the proposed Directors consider that the Restructured Group can operate independently from the Controlling Shareholders from the operational perspective; and (v) as at the Latest Practicable Date, the Restructured Group had independent access to its suppliers or customers.

(iii) Administrative independence

The Restructured Group has its own capabilities and personnel to perform all essential administrative functions, including internal control and auditor monitor, financial and accounting management, invoicing and billing, human resources and information technology.

(iv) Financial independence

The Restructured Group is financially independent of the Controlling Shareholders and their respective close associates. It has sufficient capital and banking facilities to operate its business independently, and has adequate resources to support its daily operations. In addition, the Restructured Group will make financial decisions according to its own business needs.

As at the Latest Practicable Date, each of Waldorf Holdings and Mr. Norman Chan has provided guarantees in favour of a licensed bank in Hong Kong for the repayment obligations of BTR HK under revolving loans and instalment loans in an aggregate amount of approximately HK$52.5 million. The bank had granted in-principle consents to release the guarantee given by each of Waldorf Holdings and Mr. Norman Chan in favour of the bank and replace such guarantees by corporate guarantee(s) to be provided by the Company upon the Completion. The directors of the Target Company confirm that the Target Group's aggregate amount due from/to the directors of the Target Company, Controlling Shareholders and their respective close associates will be fully repaid before the Completion.

The Directors and the proposed Directors are therefore of the view that the Restructured Group is not financially dependent on the Controlling Shareholders or their respective close associates in the Restructured Group's business operations and the Restructured Group is able to obtain external financing on market terms and conditions for the Restructured Group's business operations as and when required.

DEED OF NON-COMPETITION

The Controlling Shareholders have entered into the Deed of Non-competition in favour of the Company (for itself and as trustee of its subsidiaries), pursuant to which each of them had jointly and severally, irrevocably and unconditionally undertaken to and covenanted with the Company (for itself and as trustee of its subsidiaries) that during the continuation of the Deed of Non-competition it or he/it shall not, and shall procure that any of its/his close associates (other than any member of the Restructured Group) not to during the restricted period set out below, either on its/his own account or in conjunction with or on behalf of any person, firm or company, and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Restructured Group (including the provision of interior design services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouse, show flats and sales galleries and business ancillary to any of the foregoing, in each case, to be more particularly described or contemplated in this prospectus), in Hong Kong and any other country or jurisdiction to which the Restructured Group provides such services and/or in which any member of the Restructured Group carries on such business from time to time (the "**Restricted Business**"). Such non-competition undertaking does not apply to:

(i) any interests in the shares of any member of the Restructured Group; or

(ii) interests in the shares of a company other than the Company whose shares are listed on a recognised stock exchange provided that:

  (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 5% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

  (b) the total number of the shares held by the Controlling Shareholders and/or their respective close associates in aggregate does not exceed 5% of the issued shares of that class of the company in question and such Controlling Shareholders and/or their respective close associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholders and their respective close associates in aggregate; or

  (c) the Controlling Shareholders and/or their respective close associates do not have the control over the board of such company.

The Deed of Non-competition shall take effect upon Completion and shall expire on the earlier of:

(a) the day on which the Shares cease to be listed and traded on GEM or other recognised stock exchange; or

(b) the day on which the Controlling Shareholders and their respective close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of the Company directly or indirectly or cease to be deemed as the Controlling Shareholders and do not have power to control the Board or there is at least one other independent shareholder other than the Controlling Shareholders and their respective close associates holding more shares than the Controlling Shareholders and their respective close associates taken together.

The Controlling Shareholders and/or their close associates may take up new business opportunities which compete with the Company only if they comply with their obligations under the Deed of Non-competition in doing so.

Pursuant to the Deed of Non-competition, each of the Controlling Shareholders has undertaken that if any of the Controlling Shareholders and/or any of his/its close associates is offered or becomes aware of any project or new business opportunity (the "**New Business Opportunity(ies)**") that relates to the Restricted Business, whether directly or indirectly, he/it shall (i) promptly within ten (10) Business Days notify the Company in writing of such opportunity and provide such information as is reasonably required by the Company in order to enable the Company to come to an informed assessment of such New Business Opportunity; and (ii) use his/its best endeavours to procure that such opportunity is offered to the Company on terms no less favourable than the terms on which such New Business Opportunity is offered to him/it and/or his/its close associates.

All of the Directors (excluding those who is/are interested in the New Business Opportunity and has/have conflict of interests with the Company) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If the Company has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within thirty (30) Business Days (the "**30-day Offering Period**") of receipt of notice from the Controlling Shareholders, the Controlling Shareholders and/or his/its close associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. With respect to the 30-day Offering Period, the Directors consider that such period is adequate for the Company to assess any New Business Opportunity. In the event that the Company requires additional time to assess the New Business Opportunity, the Company may give a written notice to the Controlling Shareholders within the 30-day Offering Period and the Controlling Shareholders agree to extend the period to a maximum of sixty (60) Business Days. In the event the Company decides not to take up any New Business Opportunities after Completion, the Company will disclose in its annual report details of such New Business Opportunities, and the Company's reason for not taking up such New Business Opportunities. The Company and the Controlling Shareholders confirm, and the Controlling Shareholders undertake to the Company that any New Business Opportunities will be handled in compliance with the Deed of Non-competition provided by the Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

The Company will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of the Shareholders:

- the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by the Controlling Shareholders under the Deed of Non-competition;
- the Controlling Shareholders undertake to provide all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual report of the Company;
- the Controlling Shareholders will make confirmation on compliance with their undertaking under the Deed of Non-competition in the annual report of the Company; and
- the independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of the Company.

RULE 13.02(1) OF THE GEM LISTING RULES

Pursuant to Rule 13.02(1) of the GEM Listing Rules, Directors, their close associates, and a person who is an existing Shareholder, may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant, whether in their own names or through nominees, if two conditions are met. One of the conditions is that no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities.

As at the Latest Practicable Date, the Qualifying Shareholders who were entitled to participate in the Preferential Offering do not include the Directors or their close associates, but include the existing Shareholders. Accordingly, the condition under Rule 13.02(1)(a) of the GEM Listing Rules cannot be met. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 13.02(1) of the GEM Listing Rules on 24 May 2019 for allowing the Qualifying Shareholders to participate in the Preferential Offering subject to the following conditions:

(i) none of the existing Shareholders would be in a position to exert influence over the Company to obtain actual or preferential treatment in the allocation process in the Preferential Offering;

(ii) the allocation will be handled by the Company's share registrar in Hong Kong, Union Registrars Limited, based on the level of the valid applications received for the Reserved Shares;

(iii) the minimum public float requirement under Rules 11.23(7) and 11.23(9) of the GEM Listing Rules will be met after completion of the Share Offer;

(iv) each of the existing Shareholders is interested in less than 5% of the issued share capital of the Company upon Completion;

(v) each of the existing Shareholders is not a core connected person or its close associate upon Completion and will not become a core connected person as a result of the Reserved Shares allocation; and

(vi) each of the existing Shareholders does not have power to appoint Directors or any other special rights.

Save as the Preferential Offering, the Qualifying Shareholders will not participate or indicate any interest in the Share Offer and the allocation of the Reserved Shares will be on a pro rata basis amongst all the Qualifying Shareholders and no preferential treatment will be given to any of them. Details of the allocation of the Share Offer will be disclosed in the allotment results announcement.

You should read this section in conjunction with the Target Group's audited consolidated financial information, including the notes thereto, as set forth in the Accountants' Report in Appendix III to this prospectus. For an illustration of the financial information of the Restructured Group as a result of the Completion, please refer to the "Unaudited pro forma financial information of the Restructured Group" set out in Appendix V to this prospectus. The Target Group's consolidated financial information has been prepared in accordance with HKFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

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

OVERVIEW

The Target Group was established in 1995 and is principally engaged in the provision of interior design services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouses, show flats and sales galleries. As at the Latest Practicable Date, the Target Group is a well-established and renowned interior design firm in Hong Kong, which including the senior management team, had 60 professional designers who possess relevant experience ranging from 2 years to 30 years. With over 20 years of experience in the interior design industry in Hong Kong, the Target Group has served over 50 customers including multinational companies and listed companies in Hong Kong. During the Track Record Period, the Target Group has carried out over 210 projects to provide interior design services to properties and premises of different functions and styles. As at the Latest Practicable Date, the Target Group had 95 projects in progress or to be commenced with a total contract sum of approximately HK$301.9 million.

BASIS OF PREPARATION AND PRESENTATION

The Target Company was incorporated in the BVI with limited liability on 2 August 2017. Pursuant to the Reorganisation as further explained in the section headed "History and background of the Target Group – Reorganisation" to this prospectus, the Target Company has become the holding company of the companies now comprising the Target Group. Immediately prior to and after the completion of the Reorganisation, the business of the Target Group is carried out by the Principal Subsidiaries now comprising the Target Group. The Principal Subsidiaries were collectively controlled by Mr. Norman Chan throughout the Track Record Period.

Pursuant to the Reorganisation, the Principal Subsidiaries together with the business of the Principal Subsidiaries are transferred to and held by the Target Company. The Target Company has not been involved in any business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation of the Target Group is merely a reorganisation of the business with no change in management of such business and the ultimate controlling owner of the business remains the same. Accordingly, the consolidated financial information of the companies now comprising the Target Group is presented using the carrying values of the business for all periods presented.

The historical financial information has been prepared in accordance with all applicable HKFRSs. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**"), and interpretations.

KEY FACTORS AFFECTING THE TARGET GROUP'S RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The Target Group's financial conditions and results of operations have been and will continue to be affected by a number of factors, including those set out below and in the section headed "Risk factors" in this prospectus:

Market demand for interior design

The Target Group offers interior design services to its customers by its in-house designers. The demand for the Target Group's services is mainly driven by the need of stylish and well-designed residential homes, offices or other premises for its customers and the general economic environment in Hong Kong. During the Track Record Period, the Target Group's revenue from interior design and execution services in relation to projects located in Hong Kong accounted for approximately 81.3%, 81.8%, 87.0% and 93.1% of the Target Group's total revenue, respectively. Any changes in the Hong Kong property market, such as fluctuations in economic conditions, the number of residential projects in Hong Kong, the Government policy on property market etc., may affect the demand for residential homes, offices or other premises, and may cause a direct impact to Hong Kong property developers, which are the Target Group's main customers. This, in turn, may affect the demand for the Target Group's interior design services.

Relationship with the Target Group's customers

The Target Group's revenue was mainly derived from a limited number of property developers in Hong Kong. During the Track Record Period, revenue attributable to the largest five customers, which are mainly Hong Kong property developers, accounted for approximately 57.7%, 51.1%, 55.6% and 66.0% of the Target Group's total revenue, respectively. Customers which are property developers accounted for approximately 84%, 90%, 91% and 97% of the Target Group's total revenue during the Track Record Period, respectively. As the interior design projects undertaken by the Target Group are non-recurring in nature, in the case that the Target Group is not able to maintain its business relationship with its customers and continue to secure new projects from them, the business performance of the Target Group may be adversely affected.

The ability to retain and recruit high-quality candidates

The Target Group is mainly engaged in the provision of interior design services. The business performance of the Target Group is largely dependent on the experience and skills of its talents. The key management personnel and designers had largely contributed to the growth of the Target Group through the demonstration of their expertise and skills to understand the needs of the customers. Moreover, some customers of the Target Group may specify the criteria in selecting design team members. As the quality of the Target Group's design is the key to its business, attracting and retaining talent is an important task of its business strategy and expansion. Failure to retain its existing designers to support its future operations and growth may adversely affect its business and growth.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of the Target Group's financial position and results of operations as included in this prospectus is based on the consolidated financial statements prepared using the significant accounting policies set forth in note 3 of the Accountants' Report as set out in Appendix III to this prospectus, which conform with the HKFRSs.

In the application of the Target Group's accounting policies which conform with the HKFRSs, the use of certain critical accounting estimates is required. It also requires the directors of the Target Company to exercise their judgement in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Target Group's financial information are disclosed in note 4 of the Accountants' Report set out in Appendix III to this prospectus.

All HKFRSs effective for accounting period commencing from 1 April 2019 have been consistently applied by the Target Group in preparation of the Target Group's financial information throughout the Track Record Period, except that the Target Group has adopted HKFRS 16 Lease since 1 April 2019 in accordance with the transition requirements and applied HKAS 17 Leases for the three years ended 31 March 2019, without restating the comparative information.

Adoption of HKFRS 9 and HKFRS 15

HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers are both effective for financial periods beginning on or after 1 January 2018. The effects of HKFRS 9 and HKFRS 15 on the Target Group's historical financial information are summarised below:

HKFRS 9

The Target Group has adopted HKFRS 9 retrospectively to items that existed at 1 April 2018 in accordance with the transition requirements and applied HKAS 39 Financial Instruments: Recognition and Measurement for the two years ended 31 March 2018. HKFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets. The classification and measurement effects of HKFRS 9 are set forth in "Notes to the historical financial information – 1. Reorganisation and basis of preparation and presentation – HKFRS 9 Financial Instruments" of the Accountants' Report.

HKFRS 9 requires the Target Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, which mainly affects the Target Group's trade receivables, other receivables and contract assets. The Target Group has not recognised loss allowance upon the initial recognition of HKFRS 9 as the amount involved is insignificant.

Based on the assessment by the directors of the Target Company, the adoption of HKFRS 9 did not have any material impact on the Target Group's financial position and performance when compared to that of HKAS 39.

HKFRS 15

The Target Group has adopted HKFRS 15 Revenue from Contracts with Customers, which has been applied retrospectively throughout the Track Record Period. Under this standard, revenue is measured based on the consideration specified in a contract with a customer, excluding amounts collected on behalf of third parties. The Target Group recognises revenue when it transfers part or all of the work-in-progress of a contract to a customer, such as upon presentation of design plans.

Revenue from a fixed-price interior design contract is generally recognised over time based on the contract costs incurred to date, which is mainly the time cost of the design professionals, as a percentage of total budgeted time costs. The Target Group recognises revenue over time only if it can reasonably measure the progress of satisfying a performance obligation (i.e. each service promised to be provided to the customer) arising from a contract. If the Target Group cannot reasonably measure the outcome (for example, in the early stages of a contract) but expects to recover the costs incurred in satisfying the performance obligation, then it recognised revenue to the extent of the costs incurred. If a performance obligation is not satisfied over time, the Target Group recognises revenue at a point in time (when a performance obligation becomes satisfied).

Estimates of revenues, costs or extent of progress towards completion of a performance obligation are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

When the cumulative revenue from an interior design contract exceeds progress billings, a contract asset is recognised. When progress billings exceed cumulative revenue from an interior design contract, a contract liability is recognised.

Contract assets represent the Target Group's right to consideration in exchange for services that the Target Group has transferred to customers when that right is conditional on something other than the passage of time. Any unconditional rights to consideration other than the passage of time are presented separately as trade receivables.

Contract liabilities represent the Target Group's obligations to transfer services to customers for which the Target Group has received consideration from the customers.

The directors of the Target Company confirmed that the impact of the adoption of HKFRS 15 will not affect the ability of the Target Group to meet the minimum cash flows requirements under Rule

11.12A of the GEM Listing Rules. The Target Group would still be able to meet the aforesaid requirements if the Target Group applied HKAS 11 Construction Contracts and HKAS 18 Revenue, which are superseded by HKFRS 15. The directors of the Target Company consider that the application of HKFRS 15 did not have material impact on the Target Group's financial position and performance compared to the requirements of HKAS 11 and HKAS 18.

HKFRS 16

HKFRS 16 supersedes HKAS 17, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases – Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Target Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Target Group has applied HKFRS 16 from 1 April 2019 using the modified retrospective approach, under which the comparative information presented for the three years ended 31 March 2019 has not been restated. The reclassification and the adjustments arising from HKFRS 16 are recognised in the opening balance sheet on 1 April 2019. The effects of HKFRS 16 are set forth in "Notes to the historical financial information – 1. Reorganisation and basis of preparation and presentation – HKFRS 16 Leases" of the Accountants' Report.

The directors of the Target Company consider that that the adoption of HKFRS 16 did not have any material impact on the Target Group's financial position and performance when compared to that of HKAS 17, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases – Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Critical judgements and key estimates

Methods for measuring progress towards complete satisfaction of a performance obligation

As detailed above, revenue from interior design and execution services is recognised over time based on the contract costs incurred to date as a percentage of total forecast costs to depict the transfer of services to customers. In determining the appropriate method for measuring progress towards complete satisfaction of a performance obligation, the Target Group considered the nature of interior design and execution services that the Target Group promised to transfer to its customers and selected the method of measuring the progress that best depicts the transfer of products or services to its customers. In the absence of surveys of performance completed to date or appraisals of results achieved, output methods would not faithfully depict the Target Group's performance in satisfying a performance obligation when the Target Group has performed work-in-progress or finished goods controlled by customers that are not included in the measurement of the output.

Fulfillment costs for anticipated contracts

Determining whether fulfillment costs qualify for capitalisation requires judgment. In making this judgement, if the costs incurred are not within the scope of another HKFRS or HKAS, the Target Group considered if the costs relate directly to an anticipated contract that the Target Group can specifically identify, if the costs generate or enhance resources of the Target Group that will be used in satisfying performance obligations in the future, and if the costs are expected to be recovered.

Revenue and profit recognition

Apart from certain service contracts in which the Target Group bills a fixed amount for each duration of services provided (revenue recognised in the amount to which the Target Group has a right to invoice), revenue and profit recognition on the provision of interior design and execution services is dependent on the estimation of the progress of the satisfaction of performance obligation of an interior design contract over time. Based on the Target Group's past experience and the nature of the contract activities undertaken by the Target Group, the Target Group estimates the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. Actual outcome in terms of total forecast costs and/or revenue may be higher or lower than those estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years.

Impairment loss for bad and doubtful debts

Prior to the adoption of HKFRS 9, the Target Group determines impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each customer or debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed. No receivables were considered to be doubtful by the management for the two years ended 31 March 2018.

Upon the application of HKFRS 9, the Target Group estimates the amount of loss allowance for expected credit losses on items subject to expected credit losses (including trade receivables, other receivables and contract assets) based on the credit of the respective items. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows after taking into consideration of expected future credit loss of the item. The assessment of the credit risk of the items subject to expected credit losses involves high degree of estimation and uncertainty. When the actual future cash flows are different from expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. As at 31 March 2019 and 30 June 2019, the Target Group has not recognised loss allowance for its trade receivables, other receivables and contract assets.

Fair value measurements of financial assets

During the year ended 31 March 2018, the Target Group entered into a life insurance policy with an insurance company for Mr. Norman Chan. Under such key management insurance policy, the Target Group is the beneficiary and policy holder. The Target Group paid a single premium of US$1,025,000 for the policy. The Target Group may request a surrender of this policy at any time and receive cash based on the cash value of the policy at the date of withdrawal, which is determined by the insurance company by reference to the premium paid, plus accumulated interest earned and minus accumulated insurance policy expenses charged and any surrender charge. The amount of surrender charge decreases over time and will not be required from the 10th year of contract conclusion onwards. The Target Group is entitled to interest at a rate of 4% per annum applied on the balance of the cash value for two years from the date of the payment of the premium. Commencing from the third year, the interest rate is 1.25% per annum plus a premium determined by the insurance company on an annual basis. After the first ten policy years, no guaranteed minimum interest rate is applied on the cash value.

Prior to 1 April 2018, the key management insurance policy, classified as loans and receivables under HKAS 39 Financial Instruments: Recognition and Measurement, is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, based on the expected life of the contract, less impairment. On 1 April 2018, the Target Group adopted HKFRS 9 Financial Instruments, and the key management insurance policy is then classified as financial assets at fair value through profit or loss under HKFRS 9 and measured at fair value through profit or loss. Changes in the fair value of the key management insurance policy (including interest) are recognised in profit or loss. The fair value of key management insurance policy as at 31 March 2019 and 30 June 2019 amounted to approximately HK$8.9 million and HK$9.0 million, respectively.

The Target Group's financial controller is responsible for the assessment and evaluation of the fair value of the key management insurance policy for financial reporting purposes. The fair value of key management insurance policy is determined using the discounted cash flow model. The duration of the cash flows and the specific timing of inflows and outflows are determined by conditions in accordance with the terms of the insurance contract. The periodic cash flow is estimated as gross redemption value and interest income less surrender charges. The series of periodic net income for the contracting period is then discounted. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changes, it may lead to a change in the fair value of the key management insurance policy.

In relation to the valuation of the financial assets at fair value through profit or loss, the directors of the Target Company, based on the advice of the Target Group's financial controller, performed the following procedures: (i) reviewed the terms of the key management insurance policy; and (ii) carefully considered all information especially those unobservable inputs, such as the discount rate and interest rate used in the discounted cash flow model. Based on the above procedures, the directors of the Target Company are of the view that the valuation of the Target Group's financial assets at fair value through profit or loss is fair and reasonable.

Details of the fair value measurement of the key management insurance policy, particularly the level in fair value hierarchy, reconciliation of the key management insurance policy measured at fair value, valuation technique, significant unobservable inputs and relationship of significant unobservable inputs to fair value are disclosed in note 5(c) to the Accountants' Report issued by the reporting accountants of the Target Group in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants in Appendix III to this prospectus. The reporting accountants' opinion on the financial information of the Target Group for the Track Record Period as a whole is set out on III-2 of Appendix III to this prospectus.

In relation to the valuation analysis performed by the financial controller of the Target Group on financial assets at fair value through profit or loss, the Sponsor had conducted the following due diligence work, including but not limited to (i) reviewed the relevant notes in the Accountants' Report including the accounting policies and fair value measurements; and (ii) discussed with the management of the Target Group and the reporting accountants of the Target Group about the key basis and assumptions for the valuation of the financial assets at fair value through profit or loss.

Having considered the work performed by the directors of the Target Company and reporting accountants of the Target Group and the relevant due diligence work as stated above, nothing has come to the Sponsor's attention that would cause the Sponsor to question the valuation analysis performed by the financial controller of the Target Group on the financial assets at fair value through profit or loss.

Other critical accounting policies and estimates

Please refer to "Notes to the historical financial information – 3. Significant accounting policies and 4. Critical judgements and key estimates" of the Accountants' Report in Appendix III to this prospectus for other critical accounting policies and estimates applied in the preparation of the consolidated financial statements.

SUMMARY OF RESULTS OF OPERATIONS

The Target Group's consolidated statements of profit or loss and other comprehensive income during the Track Record Period are summarised below, which have been extracted from the Accountants' Report set out in Appendix III to this prospectus. As such, the following sections should be read in conjunction with the Accountants' Report.

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Revenue	68,092	61,840	69,810	17,211	16,284
Cost of services	(26,377)	(26,597)	(28,477)	(6,807)	(7,222)
Gross profit	41,715	35,243	41,333	10,404	9,062
Other income	325	202	131	1	234
Other (losses)/gains	(555)	3,312	877	58	(407)
Administrative expenses	(15,366)	(18,295)	(20,949)	(4,700)	(5,318)
Other expenses	(400)	–	–	–	–
Profit from operations	25,719	20,462	21,392	5,763	3,571
Finance costs	(316)	(873)	(1,244)	(321)	(355)
Profit before tax	25,403	19,589	20,148	5,442	3,216
Income tax	(4,242)	(3,114)	(2,982)	(647)	(357)
Profit and total comprehensive income for the year/period	21,161	16,475	17,166	4,795	2,859

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

The Target Group was established in 1995 and is principally engaged in the provision of interior design services to premises including private residences, corporate offices, service apartments, hotels, residential clubhouse, show flats and sales galleries. The following table sets forth the revenue generated by types of services during the Track Record Period:

	Year ended 31 March						Three months ended 30 June			
	2017		2018		2019		2018		2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (*unaudited*)	*%*	*HK$'000*	*%*
Interior design and execution services	67,737	99.5	61,384	99.3	69,000	98.8	16,937	98.4	15,961	98.0
Colour-rendering services	198	0.3	454	0.7	460	0.7	–	–	323	2.0
Handling services	157	0.2	2	–	350	0.5	274	1.6	–	–
	68,092	100.0	61,840	100.0	69,810	100.0	17,211	100.0	16,284	100.0

During the Track Record Period, a major portion of the revenue with over 98% was generated from interior design and execution services. The rest of the revenue was derived from colour-rendering services and handling services. Revenue from handling services consists of income from the procurement of furniture, art pieces and other decorative items for customers.

The following table sets forth the revenue generated by types of projects during the Track Record Period:

	Year ended 31 March						Three months ended 30 June			
	2017		2018		2019		2018		2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (*unaudited*)	*%*	*HK$'000*	*%*
Residential	47,271	69.4	46,665	75.5	53,820	77.1	12,274	71.3	11,987	73.6
Commercial	10,115	14.9	8,925	14.4	6,884	9.9	2,491	14.5	1,369	8.4
Show flat, sales office/gallery and others	10,706	15.7	6,250	10.1	9,106	13.0	2,446	14.2	2,928	18.0
	68,092	100.0	61,840	100.0	69,810	100.0	17,211	100.0	16,284	100.0

More than half of the Target Group's revenue was derived from residential projects, which accounted for 69.4%, 75.5%, 77.1%, 71.3% and 73.6% of the Target Group's total revenue for the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, respectively. Residential projects were mainly interior design projects for private residences and residential clubhouses. Commercial projects mainly represent interior design projects for hotels, offices, restaurants, bookstores and cinemas. During the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, commercial projects accounted for 14.9%, 14.4%, 9.9%, 14.5% and 8.4% of the Target Group's total revenue, respectively. Show flat, sales office/gallery and others were mainly interior design projects for show houses, show flats, show suites and sale offices for customers' property development projects. For the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, revenue from show flat, sales office/gallery and others amounted to 15.7%, 10.1%, 13.0%, 14.2% and 18.0% of the Target Group's total revenue, respectively.

While most of the projects undertaken by the Target Group during the Track Record Period are related to properties located in Hong Kong, some customers may engage the Target Group for projects located outside Hong Kong. The table below sets forth the revenue generated by geographical location of the properties during the Track Record Period:

	Year ended 31 March						**Three months ended 30 June**			
	2017		**2018**		**2019**		**2018**		**2019**	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (*unaudited*)	*%*	*HK$'000*	*%*
Hong Kong	55,708	81.9	51,069	82.6	61,513	88.1	14,089	81.9	15,487	95.1
Japan	–	–	–	–	1,649	2.4	464	2.7	342	2.1
Macau	3,415	5.0	989	1.6	675	1.0	495	2.9	6	–
Mainland China	3,142	4.6	3,480	5.6	826	1.2	363	2.1	161	1.0
Malaysia	2,733	4.0	544	0.9	73	0.1	73	0.4	–	–
Philippines	2,005	2.9	3,488	5.6	3,594	5.1	1,357	7.9	120	0.7
Sri Lanka	1,089	1.6	2,270	3.7	500	0.7	370	2.1	–	–
Thailand	–	–	–	–	980	1.4	–	–	168	1.1
	68,092	100.0	61,840	100.0	69,810	100.0	17,211	100.0	16,284	100.0

The Target Group's customers are mostly Hong Kong property developers and Hong Kong listed companies. Given the scale of the Target Group's customers, their operations are often not restricted to Hong Kong only. Such customers may require interior design services from the Target Group for their overseas property development projects. During the Track Record Period, over 80% of the Target Group's revenue was derived from projects located in Hong Kong with the rest mainly located in Japan, Macau, Mainland China, Malaysia, the Philippines, Sri Lanka and Thailand.

Cost of services

	Year ended 31 March						Three months ended 30 June			
	2017		2018		2019		2018		2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (*unaudited*)	*%*	*HK$'000*	*%*
Direct labour costs	26,067	98.8	25,805	97.0	27,353	96.1	6,594	96.9	6,319	87.5
Subcontracting costs	310	1.2	672	2.6	1,124	3.9	213	3.1	903	12.5
Others	–	–	120	0.4	–	–	–	–	–	–
	26,377	100.0	26,597	100.0	28,477	100.0	6,807	100.0	7,222	100.0

Cost of services of the Target Group primarily comprised direct staff costs, which were mainly the salaries of design professionals, and subcontracting costs. Excluding the senior management of the Target Group, the number of design professionals as at 31 March 2017, 2018 and 2019 and 30 June 2019 were 53, 65, 64 and 60, respectively. The Target Group considers that retaining talents is vital to the growth of the business and the Target Group offers attractive remuneration package to its employees.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Target Group's total cost of services on its profits during the Track Record Period. The hypothetical fluctuation rates are set at 10% with reference to the fluctuation in the average salaries of interior designers in the interior design industry in Hong Kong from 2013 to 2018 as shown in the section headed "Industry overview" in this prospectus:

	Year ended 31 March			Three months ended 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
If the total cost of services had been 10% lower/higher				
Changes in profit before tax	+/-2,638	+/-2,660	+/-2,848	+/-722
Changes in profit after tax *(Note)*	+/-2,202	+/-2,221	+/-2,378	+/-603
If the gross profit margin had been 10% higher/lower				
Changes in profit before tax	+/-6,809	+/-6,184	+/-6,981	+/-1,628
Changes in profit after tax *(Note)*	+/-5,686	+/-5,164	+/-5,829	+/-1,360

Note: The Hong Kong profits tax rate of 16.5% is applied for the illustration of increase or decrease in profit after tax.

Gross profit and gross profit margin

The gross profit of the Target Group amounted to approximately HK$41.7 million, HK$35.2 million, HK$41.3 million, HK$10.4 million and HK$9.1 million for the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, respectively. The gross profit margins were 61.3%, 57.0%, 59.2%, 60.4% and 55.6% for the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, respectively.

Other income

Other income mainly comprised of bank interest income, interest income on key management insurance policy, reversal of other payables, and sundry income. For the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, other income of the Target Group amounted to approximately HK$325,000, HK$202,000, HK$131,000, HK$1,000 and HK$234,000, respectively.

Other (losses)/gains

For the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, other (losses)/gains of the Target Group amounted to approximately HK$(555,000), HK$3,312,000, HK$877,000, HK$58,000 and HK$(407,000), respectively. Other (losses)/gains mainly consisted of exchange gains or losses, gains or losses on disposals and impairment losses of property, plant and equipment and fair value gain on financial assets.

Administrative expenses

The following table sets out the administrative expenses by nature during the Track Record Period:

	Year ended 31 March						Three months ended 30 June			
	2017		2018		2019		2018		2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (*unaudited*)	*%*	*HK$'000*	*%*
Staff costs and welfare	5,643	36.7	6,898	37.7	8,978	42.9	1,898	40.4	2,450	46.0
Rental expenses	3,349	21.8	4,682	25.6	4,935	23.6	1,234	26.2	174	3.3
Depreciation	1,872	12.2	1,652	9.0	1,481	7.1	351	7.5	1,514	28.5
Auditor's remuneration	947	6.2	1,340	7.3	1,618	7.7	399	8.5	421	7.9
Computer expenses	813	5.3	673	3.7	800	3.8	139	3.0	189	3.6
Travelling expenses	528	3.4	524	2.9	547	2.6	170	3.6	94	1.7
Entertainment	56	0.4	19	0.1	–	–	–	–	–	–
Others	2,158	14.0	2,507	13.7	2,590	12.3	509	10.8	476	9.0
	15,366	100.0	18,295	100.0	20,949	100.0	4,700	100.0	5,318	100.0

Staff costs mainly represent salaries, bonuses and allowances, retirement benefit scheme contributions and other benefits for the directors of the Target Company and administrative staff of the Target Group.

For the three years ended 31 March 2019, depreciation represents the depreciation charges on the Target Group's property, plant and equipment, including leasehold improvements, furniture and fixtures, office equipment and motor vehicles. For the three months ended 30 June 2019, depreciation represents the depreciation charges on the Target Group's property, plant and equipment and right-of-use assets.

Others mainly include insurance, printing, office supplies and utilities.

Other expenses

Other expenses for the year ended 31 March 2017 comprise wholly the tax penalty provision made for tax undercharge arising from accounting errors in relation to the recognition of contract revenue and associated direct costs in the statutory financial statements of the Principal Subsidiaries for the two years ended 31 March 2016. For further details, please refer to the paragraph headed "Discussion on selected components of the Target Group's financial position during the Track Record Period – Tax liabilities" in this section.

Finance costs

The finance costs of the Target Group represent interest on bank loans and lease liabilities. For the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019, finance costs of the Target Group amounted to approximately HK$316,000, HK$873,000, HK$1,244,000, HK$321,000 and HK$355,000, respectively.

Income tax

During the Track Record Period, the Target Group's revenue was derived in Hong Kong and the Target Group was subject to profits tax in Hong Kong. Hong Kong profits tax has been provided at a rate of 16.5% on the estimated assessable profits arising in Hong Kong for the Track Record Period. For further details, please refer to note 11 to the Accountants' Report set out in Appendix III to this prospectus.

Pursuant to the rules and regulations of the BVI, the Target Group is not subject to any income tax in the BVI during the Track Record Period.

The Target Group's effective tax rates for each of the three years ended 31 March 2019 and the three months ended 30 June 2018 and 2019 were approximately 16.7%, 15.9%, 14.8%. 11.9% and 11.1%, respectively.

COMPARISON OF RESULTS OF OPERATIONS

The year ended 31 March 2018 compared with the year ended 31 March 2017

Revenue

Revenue of the Target Group decreased by approximately HK$6.3 million, or approximately 9.2%, from approximately HK$68.1 million for the year ended 31 March 2017 to approximately HK$61.8 million for the year ended 31 March 2018. During the year ended 31 March 2018, revenue from Customer A, the Target Group's largest customer, had decreased by approximately HK$6.6 million, from approximately HK$21.3 million for the year ended 31 March 2017 to approximately HK$14.7 million for the year ended 31 March 2018. Such decrease was mainly as a result of decreased revenue contribution from two residential projects in Hong Kong, which were both substantially complete during the year ended 31 March 2017. The two residential projects had contributed revenue of approximately HK$6.4 million during the year ended 31 March 2017, while only approximately HK$1.6 million of revenue was recognised from these two projects for the year ended 31 March 2018.

Cost of services

The cost of services increased slightly from approximately HK$26.4 million for the year ended 31 March 2017 to approximately HK$26.6 million for the year ended 31 March 2018. The increase was mainly due to the increase in direct staff costs, which was in line with the increase in the number of designers.

Gross profit and gross profit margin

The Target Group's gross profit decreased by approximately HK$6.5 million, or approximately 15.5%, from approximately HK$41.7 million for the year ended 31 March 2017 to approximately HK$35.2 million for the year ended 31 March 2018, which was mainly due to the decrease in revenue for the year ended 31 March 2018 and the decrease in gross profit margin, which decreased to approximately 57.0% for the year ended 31 March 2018 from approximately 61.3% for the year ended 31 March 2017. The decrease in the gross profit margin was mainly due to amendments to design plans for some of the interior design projects as requested by the customers. Such amendments had incurred additional staff hours, in particular a hotel interior design project with Customer A, which has a contract sum of approximately HK$11.5 million. During the year ended 31 March 2018, the aforementioned hotel interior design project with Customer A had an overall gross profit margin of approximately 21.1% only. The directors of the Target Company consider that it is inevitable for customers to make back and forth comments that result in amendments and refinement of the design plan throughout the design process. The Target Group generally handles customers' amendment requests at no additional charge. However, the directors of the Target Company are of the view that close and effective communication with customers to collaborate ideas and directions in each of the design stages could avoid unnecessary amendments to design plans arising from misunderstanding and thereby minimise potential impact and losses on staff hours and resources. If the scope of work has changed significantly from the scope initially agreed, the Target Group may consider to renegotiate fees of the project.

Other income

Other income decreased from approximately HK$325,000 for the year ended 31 March 2017 to approximately HK$202,000 for the year ended 31 March 2018. This was mainly caused by the decrease in interest income from the key management insurance policy for Mr. Norman Chan, which was entered into by BTR HK in 2011 and disposed of on 21 September 2017. Subsequently, in March 2018, the Target Group entered into another life insurance policy with an insurance company to insure for Mr. Norman Chan. Due to the aforementioned new life insurance policy was entered into near the end of the year ended 31 March 2018, the interest income generated from such insurance policy was minimal.

Other (losses)/gains

Other gains amounted to approximately HK$3.3 million for the year ended 31 March 2018, as compared with losses of approximately HK$0.6 million for the year ended 31 March 2017. Such gain was mainly due to the Target Group disposed of its motor vehicles with carrying amount of approximately HK$1.4 million at a consideration of approximately HK$4.6 million to Waldorf Holdings, which is a related company controlled by Mr. Norman Chan and resulted in a gain on disposal of approximately HK$3.2 million.

Administrative expenses

Administrative expenses increased from approximately HK$15.4 million for the year ended 31 March 2017 to approximately HK$18.3 million for the year ended 31 March 2018, representing an increase of approximately HK$2.9 million. Such increase was primarily attributable to the increase in staff costs and rental expenses, which both increased by approximately HK$1.3 million. The increase in staff costs was due to more staff was hired during the year ended 31 March 2018, and the increase in rental expenses was because the Target Group had rented an additional premise for office use during the year ended 31 March 2018.

Other expenses

Other expenses for the two years ended 31 March 2017 are wholly the tax penalty provision made in relation to the tax undercharge arising from the accounting errors in relation to the recognition of contract revenue and associated direct costs in the statutory financial statements of the Principal Subsidiaries for the two years ended 31 March 2016. For further details, please refer to the paragraph headed "Discussion on selected components of the Target Group's financial position during the Track Record Period – Tax liabilities" in this section.

Finance costs

Finance costs increased to approximately HK$0.9 million for the year ended 31 March 2018 from approximately HK$0.3 million for the year ended 31 March 2017. The increase in finance costs was due to the loan of approximately HK$46.4 million as at 31 March 2017 was drawn in late 2016, and was repaid in February 2018. While the loans of approximately HK$25.0 million as at 31 March 2018 were drawn in March 2018 with minimal interest expenses incurred during the year ended 31 March 2018.

Income tax

Income tax of the Target Group decreased by approximately HK$1.1 million, or approximately 26.6%, from approximately HK$4.2 million for the year ended 31 March 2017 to approximately HK$3.1 million for the year ended 31 March 2018. The decrease is consistent with the decrease in the Target Group's profit before tax, which decreased from approximately HK$25.4 million for the year ended 31 March 2017 to approximately HK$19.6 million for the year ended 31 March 2018, representing a decrease of approximately 22.9%.

For the years ended 31 March 2017 and 2018, the effective tax rates of the Target Group were approximately 16.7% and 15.9%, respectively. The slight decrease in effective tax rate was mainly due to the decrease in non-tax deductible expenses.

Profit and total comprehensive income for the year

Profit and total comprehensive income for the year decreased by approximately HK$4.7 million, or approximately 22.1%, from approximately HK$21.2 million for the year ended 31 March 2017 to approximately HK$16.5 million for the year ended 31 March 2018. Such decrease was mainly attributable to the combined effect of the aforementioned items.

The year ended 31 March 2019 compared with the year ended 31 March 2018

Revenue

Revenue increased from approximately HK$61.8 million for the year ended 31 March 2018 to approximately HK$69.8 million for the year ended 31 March 2019, representing an increase of approximately HK$8.0 million or 12.9%. For the years ended 31 March 2018 and 2019, revenue from residential projects was approximately HK$46.7 million and HK$53.8 million, respectively, which increased by approximately HK$7.1 million. The number of residential projects with revenue contribution during the years ended 31 March 2018 and 2019 were relatively stable, which increased slightly from 66 to 71. The increase in residential project revenue of approximately HK$7.1 million was mainly attributable to the combined of (i) higher residential revenue from Customer A, Customer J and a Hong Kong listed property developer; and (ii) a decrease in residential revenue from Customer G and Customer B.

Residential revenue from Customer A had increased by approximately HK$8.2 million, mainly due to the progression of two large projects with contract sum of approximately HK$12 million and HK$10 million, which contributed an increase of approximately HK$3.7 million. The higher residential revenue from the Hong Kong listed property developer and Customer J was contributed by a project with contract sum of over HK$5 million and a project with contract sum of approximately HK$2.8 million, respectively. The aforesaid two projects had aggregately contributed an increase in revenue of over HK$4.3 million. In respect of the decrease in residential revenue from Customer G and Customer B, it was mainly due to residential projects with these two customers had overall, larger portion of the contract sums completed during the year ended 31 March 2018. Residential revenue from Customer G and Customer B decreased by approximately HK$3.3 million and HK$2.4 million, respectively.

Cost of services

The cost of services of the Target Group increased from approximately HK$26.6 million for the year ended 31 March 2018 to approximately HK$28.5 million for the year ended 31 March 2019, representing an increase of around 7.1%. Such increase was primarily due to the increase in direct staff costs, which was in line with the increase in revenue.

Gross profit and gross profit margin

For the year ended 31 March 2019, gross profit amounted to approximately HK$41.3 million, which increased by approximately HK$6.1 million or 17.3% from approximately HK$35.2 million for the year ended 31 March 2018. The increase in gross profit was mainly due to the increase in revenue from residential projects during the year ended 31 March 2019, which increased by approximately HK$7.1 million. Gross profit margin increased from approximately 57.0% for the year ended 31 March 2018 to approximately 59.2% for the year ended 31 March 2019. The increase in the gross profit margin was mainly due to that during the year ended 31 March 2018, some of the customers had requested amendments to design plans, and additional staff hours were incurred for these projects. In particular, the Target Group had put in substantially higher staff costs for a hotel interior design project with a contract sum of approximately HK$11.5 million with Customer A. As a result, the aforementioned hotel interior design project with Customer A had an overall gross profit margin of approximately 21.1% only for the year ended 31 March 2018. The directors of the Target Company consider that it is inevitable for customers to make back and forth comments that result in amendments in design plans and generally handles customers' requests at no additional charge. Nevertheless, the directors of the Target Company are of the view that close and effective communication with customers to collaborate ideas and directions in each of the design stages could avoid unnecessary amendments to design plans arising from misunderstanding and thereby minimise potential impact and losses on staff hours and resources.

Other income

Other income amounted to approximately HK$202,000 and HK$131,000 for the years ended 31 March 2018 and 2019, respectively, and mainly represented interest from key management insurance policy, bank deposits and sundry income.

Other gains

For the years ended 31 March 2018 and 2019, the Target Group recorded other gains of approximately HK$3.3 million and HK$0.9 million, respectively. The decrease in other gains was mainly due to the one-off gain on disposal of motor vehicles of approximately HK$3.2 million for the year ended 31 March 2018.

Administrative expenses

Administrative expenses increased from approximately HK$18.3 million for the year ended 31 March 2018 to approximately HK$20.9 million for the year ended 31 March 2019, representing an increase of approximately HK$2.6 million. The increase was mainly attributable to the increase in staff cost, which increased by approximately HK$2.1 million. The increase in staff costs was due to more administrative staff was hired during the year ended 31 March 2019 as compared with the same period last year.

Finance costs

Finance costs increased to approximately HK$1.2 million for the year ended 31 March 2019 from approximately HK$0.9 million for the year ended 31 March 2018. The increase in finance costs was due to the bank loans as at 31 March 2019 carried higher interest rates.

Income tax

Income tax of the Target Group decreased slightly by approximately HK$0.1 million, from approximately HK$3.1 million for the year ended 31 March 2018 to approximately HK$3.0 million for the year ended 31 March 2019. While profit before tax increased by approximately HK$0.5 million from approximately HK$19.6 million for the year ended 31 March 2018 to approximately HK$20.1 million for the year ended 31 March 2019. The effective tax rates for the years ended 31 March 2018 and 2019 were approximately 15.9% and 14.8%, respectively. The lower income tax and effective tax rate for the year ended 31 March 2019 was mainly due to the introduction of two-tiered profit tax rates, where the first HK$2 million of assessable profit is subject to a lower tax rate of 8.25%, effective from the year of assessment 2018/19.

Profit and total comprehensive income for the year

Profit and total comprehensive income for the year increased from approximately HK$16.5 million for the year ended 31 March 2018 to approximately HK$17.2 million for the year ended 31 March 2019. Such increase was mainly attributable to the combined effect of the aforementioned items.

The three months ended 30 June 2019 compared with the three months ended 30 June 2018

Revenue

Revenue decreased from approximately HK$17.2 million for the three months ended 30 June 2018 to approximately HK$16.3 million for the three months ended 30 June 2019, representing a decrease of approximately HK$0.9 million or 5.4%. The decrease was mainly attributable to the decrease in revenue from Customer E, which decreased by approximately HK$1.2 million, mainly due to there were four revenue contributing projects for the three months ended 30 June 2018 while only one revenue contributing project for the three months ended 30 June 2019 with Customer E.

Cost of services

Cost of services increased from approximately HK$6.8 million for the three months ended 30 June 2018 to approximately HK$7.2 million for the three months ended 30 June 2019, which increased by approximately HK$0.4 million or 6.1%. The increase was mainly due to the increase in subcontracting costs, which increased by approximately HK$0.7 million.

Gross profit and gross profit margin

For the three months ended 30 June 2019, gross profit amounted to approximately HK$9.1 million, which decreased by approximately HK$1.3 million from approximately HK$10.4 million for the three months ended 30 June 2018. The decrease in gross profit was mainly due to the decrease in revenue which decreased by approximately HK$0.9 million. Gross profit margin decreased from approximately 60.4% for the three months ended 30 June 2018 to approximately 55.6% for the three months ended 30 June 2019. The decrease in gross profit margin was mainly due to a residential project with contract sum of approximately HK$12 million with Customer A and a show flat and sales office project with contract sum of approximately HK$1.4 million with Customer H had relatively higher gross profit margin of over 80% for the three months ended 30 June 2018. The aforesaid projects had contributed revenue of approximately HK$2.3 million during the three months ended 30 June 2018. The Target Group's interior design projects have different time schedules depending on the requirements of customers and urgency of customers' projects. In some cases, the Target Group's interior design projects might have a tighter timeline as the customers demand a tight schedule in order to commence the sales or handover of their residential units. The Target Group and the customers will often communicate more closely and effectively to minimise back and forth discussions and refinements to designs in projects with tight schedules. In addition, customers will have different preference in the design scheme direction and details depending on the nature of the projects. Some of the project teams which are in charge of customers' projects may have a longer working relationship with the design team members of the Target Group and fewer back and forth amendments and communications are required during the design process. Therefore, the directors of the Target Company consider that staff hours and resources are utilised relatively more efficiently and result in a higher gross profit margin for such projects.

Other income

Other income amounted to approximately HK$1,000 and HK$234,000 for the three months ended 30 June 2018 and 2019, respectively. Other income for the three months ended 30 June 2019 mainly represented reversal of other payables.

Other (losses)/gains

The Target Group recorded other gains of approximately HK$58,000 for the three months ended 30 June 2018 and other losses of approximately HK$0.4 million for the three months ended 30 June 2019. The other losses for the three months ended 30 June 2019 was mainly attributable to the impairment losses on leasehold improvements of approximately HK$0.4 million.

Administrative expenses

Administrative expenses increased from approximately HK$4.7 million for the three months ended 30 June 2018 to approximately HK$5.3 million for the three months ended 30 June 2019, representing an increase of approximately HK$0.6 million or 13.1%. The increase was mainly attributable to the increase in staff cost, which increased by approximately HK$0.6 million. The increase in staff costs was due to more administrative staff was hired during the three months ended 30 June 2019 as compared with the same period last year.

Finance costs

Finance costs were relatively stable for the three months ended 30 June 2018 and 2019 and amounted to approximately HK$321,000 and HK$355,000, respectively.

Income tax

Income tax decreased by approximately HK$0.2 million from approximately HK$0.6 million for the for the three months ended 30 June 2018 to approximately HK$0.4 million for the three months ended 30 June 2019. The decrease in income tax was consistent with the decrease in profit before tax, which decreased from approximately HK$5.4 million for the three months ended 30 June 2018 to approximately HK$3.2 million for the three months ended 30 June 2019, representing a decrease of approximately HK$2.2 million.

The effective tax rates for the three months ended 30 June 2018 and 2019 were approximately 11.9% and 11.1%, respectively. The lower than the Hong Kong Profits Tax rate of 16.5% for both periods was mainly due to the introduction of two-tiered profit tax rates effective from the year of assessment 2018/19, where the first HK$2 million of assessable profit is subject to a lower tax rate of 8.25%.

Profit and total comprehensive income for the period

Profit and total comprehensive income for the period decreased by approximately HK$1.9 million, from approximately HK$4.8 million for the three months ended 30 June 2018 to approximately HK$2.9 million for the three months ended 30 June 2019. Such decrease was mainly attributable to the combined effect of the aforementioned items.

LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period, the Target Group financed its operations through a combination of internally generated cash flows and bank loans. After the Completion, the directors of the Target Company expect that the Restructured Group will be funded by internally generated cash flows and bank loans.

Cash flows

The following table sets forth a condensed summary of the Target Group's consolidated statements of cash flows for the periods indicated:

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Net cash generated from operating activities	8,845	15,410	29,174	16,231	5,997
Net cash used in investing activities	(43,769)	(34,287)	(660)	(9)	(19)
Net cash generated from/(used in) financing activities	41,143	12,128	(27,849)	476	(2,484)
Net increase/(decrease) in cash and cash equivalents	6,219	(6,749)	665	16,698	3,494
Cash and cash equivalents at the beginning of the year/period	20,123	26,342	19,593	19,593	20,258
Cash and cash equivalents at the end of the year/period	26,342	19,593	20,258	36,291	23,752

Operating activities

The Target Group derives its cash inflow from operating activities primarily from the receipt of payments from the Target Group's interior design projects. Cash outflow from the Target Group's operating activities primarily includes staff costs, subcontracting fees, and all other operating expenses such as office rental, utilities and office expenses.

Year ended 31 March 2017

For the year ended 31 March 2017, the Target Group recorded net cash generated from operating activities of approximately HK$8.8 million, primarily attributable to profit before tax of approximately HK$25.4 million, as adjusted to reflect mainly (i) depreciation of property, plant and equipment of approximately HK$1.9 million; (ii) loss on disposal of property, plant and equipment of approximately HK$0.5 million; (iii) interest expense of approximately HK$0.3 million; (iv) a decrease in contract cost assets of approximately HK$1.6 million; (v) a decrease in contract assets of approximately HK$5.9 million; (vi) an increase in trade and other receivables of approximately HK$23.5 million, which was driven by the large trade receivables billed near the end of the year ended 31 March 2017, where approximately HK$20.5 million of the trade receivables as at 31 March 2017 were aged within 60 days by invoice date; (vii) an increase in contract liabilities of approximately HK$1.9 million; (viii) an increase in trade and other payables of approximately HK$1.1 million; and (ix) income tax paid of approximately HK$6.2 million.

Year ended 31 March 2018

For the year ended 31 March 2018, the Target Group recorded net cash generated from operating activities of approximately HK$15.4 million, primarily attributable to profit before tax of approximately HK$19.6 million, as adjusted to reflect mainly (i) gain on disposal of property, plant and equipment of approximately HK$3.2 million; (ii) depreciation of property, plant and equipment of approximately HK$1.7 million; (iii) interest expense of approximately HK$0.9 million; (iv) a decrease in contract cost assets of approximately HK$0.4 million; (v) an increase in contract assets of approximately HK$0.3 million; (vi) an increase in trade and other receivables of approximately HK$5.8 million, which was mainly driven by the increase of approximately HK$9.1 million in trade receivables that were billed within 60 days, partly netted off by the decrease of approximately HK$4.8 million in trade receivables aged 61 to 90 days as compared with the balance as at 31 March 2017; (vii) an increase in contract liabilities of approximately HK$5.1 million, which was mainly due to the advance payments made by customers for two projects with contract sums of approximately HK$10.0 million and HK$11.0 million, respectively; (viii) an increase in trade and other payables of approximately HK$1.8 million; and (ix) income tax paid of approximately HK$4.7 million.

Year ended 31 March 2019

For the year ended 31 March 2019, the Target Group recorded net cash generated from operating activities of approximately HK$29.2 million, primarily attributable to profit before tax of approximately HK$20.1 million, as adjusted to reflect mainly (i) depreciation of property, plant and equipment of approximately HK$1.5 million; (ii) interest expense of approximately HK$1.2 million; (iii) fair value gain on financial assets at fair value through profit or loss of approximately HK$0.9 million; (iv) a decrease in contract cost assets of approximately HK$0.3 million; (v) an increase in contract assets of approximately HK$4.6 million; (vi) a decrease in trade and other receivables of approximately HK$15.8 million; (vii) a decrease in contract liabilities of approximately HK$0.5 million; and (viii) income tax paid of approximately HK$3.6 million.

Three months ended 30 June 2018

For the three months ended 30 June 2018, the Target Group recorded net cash generated from operating activities of approximately HK$16.2 million, primarily attributable to profit before tax of approximately HK$5.4 million, as adjusted to reflect mainly (i) depreciation of property, plant and equipment of approximately HK$0.4 million; (ii) interest expense of approximately HK$0.3 million; (iii) an increase in contract cost assets of approximately HK$0.3 million; (iv) an increase in contract assets of approximately HK$7.3 million; (v) a decrease in trade and other receivables of approximately HK$22.4 million; (vi) a decrease in contract liabilities of approximately HK$3.8 million; and (vii) income tax paid of approximately HK$0.7 million.

Three months ended 30 June 2019

For the three months ended 30 June 2019, the Target Group recorded net cash generated from operating activities of approximately HK$6.0 million, primarily attributable to profit before tax of approximately HK$3.2 million, as adjusted to reflect mainly (i) depreciation of property, plant and equipment and right-of-use assets of approximately HK$1.5 million; (ii) interest expense of approximately HK$0.4 million; (iii) impairment losses of property, plant and equipment of approximately HK$0.4 million; (iv) an increase in contract cost assets of approximately HK$0.3 million; (v) an increase in contract assets of approximately HK$5.2 million; (vi) a decrease in trade and other receivables of approximately HK$5.8 million; (vii) a decrease in contract liabilities of approximately HK$1.6 million; (viii) an increase of trade and other payables of approximately HK$1.3 million; and (ix) income tax refund of approximately HK$0.7 million.

Investing activities

During the Track Record Period, the Target Group's cash outflow from investing activities primarily consisted of purchase of property, plant and equipment, payment of key management insurance policy, advances to a director and to a related company.

Year ended 31 March 2017

For the year ended 31 March 2017, the Target Group recorded net cash used in investing activities of approximately HK$43.8 million which was mainly due to (i) purchases of property, plant and equipment of approximately HK$2.4 million; (ii) advances to a director and a related company, which totalled to approximately HK$41.1 million; and (iii) payment of key management insurance policy of approximately HK$0.3 million.

Year ended 31 March 2018

For the year ended 31 March 2018, the Target Group recorded net cash used in investing activities of approximately HK$34.3 million which was mainly due to (i) purchases of property, plant and equipment of approximately HK$2.1 million; (ii) advances to a director and a related company, which totalled to approximately HK$24.2 million; and (iii) payment of key management insurance policy of approximately HK$8.1 million.

Year ended 31 March 2019

For the year ended 31 March 2019, the Target Group recorded net cash used in investing activities of approximately HK$0.7 million which was mainly due to purchases of property, plant and equipment of approximately HK$0.7 million.

Three months ended 30 June 2018 and 2019

For the three months ended 30 June 2018 and 2019, the Target Group did not have any material cash flows used in investing activities.

Financing activities

During the Track Record Period, the Target Group's cash outflow from financing activities primarily consisted of dividend paid, bank loan interest payments and repayments to directors and bank loans. The cash inflow from investing activities primarily consisted of advances from directors and a related company and proceeds from bank loans.

Year ended 31 March 2017

For the year ended 31 March 2017, the Target Group recorded net cash from financing activities of approximately HK$41.1 million which was mainly due to the repayment to directors of approximately HK$5.0 million, advance from a related company of approximately HK$0.1 million, new bank loans raised of approximately HK$47.0 million, partly netted off by the repayment of bank loans and interest payments totalling to approximately HK$1.0 million.

Year ended 31 March 2018

For the year ended 31 March 2018, the Target Group recorded net cash from financing activities of approximately HK$12.1 million which was mainly due to dividend paid of approximately HK$10.5 million, new bank loans raised of approximately HK$25.0 million, partly netted off by the repayment of bank loans and interest payments totalling to approximately HK$2.4 million.

Year ended 31 March 2019

For the year ended 31 March 2019, the Target Group recorded net cash used in financing activities of approximately HK$27.8 million which was mainly due to (i) dividend paid of approximately HK$18.0 million; (ii) repayment to directors of approximately HK$16.7 million; (iii) repayment of bank loans, upfront fee paid for bank loan and interest payments totalling to approximately HK$8.2 million; and (iv) new bank loans raised of approximately HK$15.0 million.

Three months ended 30 June 2018

For the three months ended 30 June 2018, the Target Group recorded net cash generated from financing activities of approximately HK$0.5 million which was mainly due to repayment to directors of approximately HK$10.3 million, repayment of bank loans, upfront fee paid for bank loan and interest payments totalling to approximately HK$1.2 million partly netted off by new bank loans raised of approximately HK$12.0 million.

Three months ended 30 June 2019

For the three months ended 30 June 2019, net cash used in financing activities was approximately HK$2.5 million which was mainly due to principal lease payments of HK$1.2 million and repayment of bank loans and interest payments totalling to approximately HK$1.3 million.

WORKING CAPITAL

The directors of the Target Company are of the opinion that, taking into consideration the internally generated funds and the bank loans presently available, the Target Group, in the absence of unforeseen circumstances, has sufficient working capital for present requirements for at least the next 12 months commencing on the date of this prospectus. The Sponsor concurs with the view of the directors of the Target Company.

NET CURRENT ASSETS

The following table sets forth the Target Group's current assets and liabilities as at the dates indicated:

	As at 31 March			As at 30 June	As at 30 September
	2017	**2018**	**2019**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)
Current assets					
Contract cost assets	890	518	254	551	876
Contract assets	13,029	13,284	17,891	23,082	25,416
Trade and other receivables	27,273	33,089	17,287	11,484	13,283
Key management insurance policy	1,883	–	–	–	–
Amount due from a director	57,402	–	–	–	–
Current tax assets	2,259	1,597	1,713	960	906
Bank and cash balances	26,342	19,593	20,258	23,752	37,569
	129,078	68,081	57,403	59,829	78,050
Current liabilities					
Contract liabilities	3,017	8,107	7,596	6,031	9,418
Trade and other payables	1,988	3,753	3,616	4,673	5,024
Amounts due to directors	–	16,774	43	40	39
Amount due to the holding company	–	–	50	50	50
Current tax liabilities	6,240	4,141	3,770	4,216	4,549
Lease liabilities	–	–	–	4,451	4,392
Bank loans	46,360	25,000	33,076	32,043	52,199
	57,605	57,775	48,151	51,504	75,671
Net current assets	71,473	10,306	9,252	8,325	2,379

The Target Group's net current assets increased by approximately HK$23.1 million to approximately HK$71.5 million as at 31 March 2017 as compared with that of approximately HK$48.4 million as at 31 March 2016. Such increase was primarily due to the Target Group's profit of approximately HK$21.2 million for the year ended 31 March 2017.

The Target Group's net current assets decreased by approximately HK$61.2 million to approximately HK$10.3 million as at 31 March 2018 as compared with that of approximately HK$71.5 million as at 31 March 2017. The decrease was primarily attributable to dividends of approximately HK$70.5 million declared during the year ended 31 March 2018, partly netted by the profit of approximately HK$16.5 million for the year ended 31 March 2018.

The Target Group's net current assets decreased by approximately HK$1.0 million to approximately HK$9.3 million as at 31 March 2019 as compared with that of approximately HK$10.3 million as at 31 March 2018. The decrease was mainly due to the combined of (i) profit of approximately HK$17.2 million for the year ended 31 March 2019; and (ii) dividend payment of approximately HK$18.0 million during year ended 31 March 2019.

Net current assets decreased by approximately HK$1.0 million to approximately HK$8.3 million as at 30 June 2019 as compared with approximately HK$9.3 million as at 31 March 2019. The decrease was mainly due to the adoption of HKFRS 16 for the three months ended 30 June 2019, where current portion lease liabilities of approximately HK$4.5 million was recognised as at 30 June 2019 for leased office premises and office equipment.

Net current assets decreased to approximately HK$2.4 million as at 30 September 2019 as compared with approximately HK$8.3 million as at 30 June 2019, mainly due to the increase in bank loans.

DISCUSSION ON SELECTED COMPONENTS OF THE TARGET GROUP'S FINANCIAL POSITION DURING THE TRACK RECORD PERIOD

Property, plant and equipment

The Target Group's property, plant and equipment mainly consist of leasehold improvements, furniture and fixtures, office equipment and motor vehicles. As at 31 March 2017, 2018 and 2019 and 30 June 2019, the carrying amount of property, plant and equipment amounted to approximately HK$4.3 million, HK$3.2 million, HK$2.4 million and HK$1.6 million, respectively. The balance decreased as at 31 March 2018 mainly due to the disposal of motor vehicles with carrying amount of approximately HK$1.4 million to Waldorf Holdings, a related company controlled by Mr. Norman Chan at a consideration of approximately HK$4.6 million. The balance further decreased as at 31 March 2019, mainly due to depreciation charge of approximately HK$1.5 million for the year ended 31 March 2019, partly netted off by additions of office equipment, furniture and fixtures and leasehold improvements of approximately HK$0.7 million. As at 30 June 2019, the balance decreased to approximately HK$1.6 million mainly due to the depreciation charge and impairment losses on leasehold improvements of approximately HK$0.4 million and HK$0.4 million, respectively during the three months ended 30 June 2019.

Right-of-use assets/lease liabilities

As at 30 June 2019, right-of-use assets, current portion lease liabilities and non-current portion lease liabilities was approximately HK$7.5 million, HK$4.4 million and HK$3.1 million, respectively. Right-of-use assets and lease liabilities were recognised due to the adoption of HKFRS 16 during the three months ended 30 June 2019, and represented the right-of-use of the leased office premises and office equipment and the corresponding remaining rental payments of the remaining lease term, respectively. For details of the effects of the adoption of HKFRS 16, please refer to "Notes to the historical financial information – 1. Reorganisation and basis of preparation and presentation – HKFRS 16 Leases" of the Accountants' Report.

Key management insurance policy

As at 31 March 2017, 2018 and 2019 and 30 June 2019, the carrying amount of key management insurance policy amounted to approximately HK$1.9 million, HK$8.0 million, nil and nil, respectively. As at 31 March 2017, the insurance policy represented a life insurance policy for Mr. Norman Chan, and the beneficiary and policy holder being BTR HK. The premium payments were payable for 15 years and amounted to US$32,505 per annum.

Before its disposal in September 2017 as discussed below, the Target Group may request a surrender of the policy at any time and receive cash based on the cash value of the policy at the date of withdrawal, which is determined by the insurance company by reference to the accumulated gross premium paid, plus accumulated interest earned and minus accumulated insurance policy expenses charged and any surrender charge. The interest rate is determined by the insurance company on an annual basis.

On 21 September 2017, the Target Group disposed of the key management insurance policy to Mr. Norman Chan at a consideration of approximately HK$1.9 million. Accordingly, as at 31 March 2017, the key management insurance policy was classified under current assets. Following the disposal, BTR HK is no longer the policy holder and the beneficiary of the key management insurance policy.

During the year ended 31 March 2018, BTR HK entered into another life insurance policy with an insurance company to insure for Mr. Norman Chan. A single premium of US$1,025,000 was paid for the policy. The Target Group may request a surrender of this policy at any time and receive cash based on the cash value of the policy at the date of withdrawal, which is determined by the insurance company by reference to the premium paid, plus accumulated interest earned and minus accumulated insurance policy expenses charged and any surrender charge. As at 31 March 2018, the Target Group's bank loans are secured by the key management insurance policy.

As at 31 March 2019 and 30 June 2019, due to the adoption of HKFRS 9, the key management insurance policy was reclassified as financial assets at fair value through profit or loss and amounted to approximately HK$8.9 million and HK$9.0 million, respectively. As at 31 March 2019 and 30 June 2019, the Target Group's bank loans are secured by such key management insurance policy.

Contract cost assets/contract assets/contract liabilities

The Target Group's revenue from interior design services is generally recognised over time by measuring the progress towards completed satisfaction of a performance obligation. The contract assets represent the Target Group's rights to consideration for work completed but not billed at the respective reporting dates. The contract liabilities primarily represent the advanced consideration received from customers for which revenue is recognised based on the progress towards complete satisfaction of the related services (i.e. when progress billings exceed cumulative revenue from an interior design contract).

Contract cost assets represent fulfillment costs incurred prior to the contract establishment date for specifically anticipated contracts. In general, contract cost assets are the direct costs incurred to fulfil an anticipated contract (i.e. direct costs that arise from a particular contract that is expected to be entered into) which are expected to be recovered. Contract cost assets include direct labour costs, subcontracting costs and other direct costs. In principle, the Target Group will only commence working on interior design projects when formal contracts with customers are entered into. However, in some occasions when the major terms and conditions have been agreed with a customer, and only pending the finalisation of the formal contract, the Target Group may commence the design work of such anticipated contract upon customer request, after considering the relationship and track record with the customer. Any direct fulfillment costs arising before the entering into of a formal contract are recognised as contract cost assets.

As the business of the Target Group is project-based, the contract cost assets, contract assets and contract liabilities balances are affected by the number and scale of projects undertook and/or the timing of billing near the end of each reporting period.

As at 31 March 2017, 2018 and 2019 and 30 June 2019, contract assets amounted to approximately HK$13.0 million, HK$13.3 million, HK$17.9 million and HK$23.1 million, respectively. The top five customers by revenue contribution for each of the financial year/period during the Track Record Period contributed approximately 57.6%, 42.4%, 56.7% and 57.0% of the contract assets balance as at 31 March 2017, 2018 and 2019 and 30 June 2019, respectively. Contract liabilities as at 31 March 2017, 2018 and 2019 and 30 June 2019 were approximately HK$3.0 million, HK$8.1 million, HK$7.6 million and HK$6.0 million, respectively. The top five customers by revenue contribution for each of three years ended 31 March 2019 and the three months ended 30 June 2019 contributed approximately 31.0%, 41.4%, 46.3% and 41.4% of the contract liabilities balance as at 31 March 2017, 2018 and 2019 and 30 June 2019, respectively.

Contract cost assets

The following tables set out the details of the top projects by contract cost assets balance as at 31 March 2017, 2018 and 2019 and 30 June 2019:

As at 31 March 2017

	Customer	Types of project	Contract cost assets balance as at 31 March 2017	% of total contract cost assets
			HK$'000	*%*
1.	Customer H	Show flat, sales office/ gallery and others	252	28.3
2.	Customer A	Residential	231	26.0
3.	A property developer	Residential	163	18.3
4.	Customer B	Residential	116	13.0
5.	Customer C	Residential	71	8.0
			833	93.6
Others			57	6.4
			890	100.0

As at 31 March 2017, there were a total of 9 anticipated contracts that contributed to the contract cost assets balance as at 31 March 2017. During the year ended 31 March 2018, all of the 9 anticipated contracts were subsequently entered into and had revenue contribution. During the year ended 31 March 2018, the contract cost assets balance as at 31 March 2017 of approximately HK$0.9 million was wholly recognised as cost of services, and the corresponding revenue generated amounted to approximately HK$2.5 million.

As at 31 March 2018

	Customer	Types of project	Contract cost assets balance as at 31 March 2018	% of total contract cost assets
			HK$'000	*%*
1.	A property developer	Residential	275	53.1
2.	A property developer	Residential	150	29.0
3.	Customer J	Residential	81	15.6
4.	Customer J	Residential	12	2.3
			518	100.0

As at 31 March 2018, there were a total of 4 anticipated contracts that contributed to the contract cost assets balance as at 31 March 2018. During the year ended 31 March 2019, all of the 4 anticipated contracts were subsequently entered into and had revenue contribution. During the year ended 31 March 2019, the contract cost assets balance as at 31 March 2018 of approximately HK$0.5 million was wholly recognised as cost of services, and the corresponding revenue generated amounted to approximately HK$0.9 million.

As at 31 March 2019

	Customer	**Types of project**	**Contract cost assets balance as at 31 March 2019**	**% of total contract cost assets**
			HK$'000	*%*
1.	Customer G	Residential	127	50.0
2.	A property developer	Residential	106	41.7
			233	91.7
Others			21	8.3
			254	100.0

As at 31 March 2019, there were a total of 6 anticipated contracts that contributed to the contract cost assets balance as at 31 March 2019. During the three months ended 30 June 2019, 3 of the 6 anticipated contracts were subsequently entered into and had revenue contribution. During the three months ended 30 June 2019, approximately HK$17,000 of the contract cost assets balance as at 31 March 2019 was recognised as cost of services.

As at 30 June 2019

	Customer	Types of project	Contract cost assets balance as at 30 June 2019	% of total contract cost assets
			HK$'000	*%*
1	A property developer	Residential	284	51.5
2	Customer G	Residential	251	45.6
			535	97.1
Others			16	2.9
			551	100.0

As at 30 June 2019, there were a total of 4 anticipated contracts that contributed to the contract cost assets balance as at 30 June 2019. Up to the Latest Practicable Date, 2 of the 4 anticipated contracts were subsequently entered into and had revenue contribution. Up to the Latest Practicable Date, approximately HK$0.3 million of the contract cost assets balance as at 30 June 2019 was recognised as cost of services.

The following table sets forth an ageing analysis of the contract cost assets as at the end of each reporting period:

	As at 31 March			As at 30 June
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract cost assets				
– Within one year	852	518	254	551
– More than one year	38	–	–	–
	890	518	254	551

Subsequent to 30 June 2019 and up to the Latest Practicable Date, approximately HK$0.3 million of the contract cost assets balance as at 30 June 2019 had been recognised as cost of services. Customer G and a property developer accounted for approximately HK$0.5 million and over 95% of the contract cost assets balance as at 30 June 2019. The Target Group had a relationship of around 8 years and 3 years with Customer G and the aforementioned property developer, respectively. After considering the relationship and track record with Customer G and the property developer, the directors of the Target Company consider that there will not be any difficulties in entering into formal contracts for the anticipated contracts with these customers.

Contract assets

Contract assets represent the Target Group's rights to consideration for project work completed but not billed at the respective reporting dates. The following tables set out the details of the top projects by contract assets balance as at 31 March 2017, 2018 and 2019 and 30 June 2019:

As at 31 March 2017

	Customer	Types of project	Contract Sum	Commencement date	Completion date	Contract assets balance as at 31 March 2017	% of total contract assets balance
			HK$ million			*HK$'000*	*%*
1.	Customer A	Residential	12.0	April 2015	On-going	1,775	13.6
2.	A property developer	Commercial	11.0	March 2014	On-going	1,650	12.7
3.	Customer B	Residential	6.5	May 2015	On-going	1,495	11.5
4.	A property developer	Residential	6.0	June 2016	On-going	1,283	9.8
5.	Customer D	Residential	6.0	July 2015	February 2018	990	7.6
6.	Customer C	Residential	8.0	March 2013	On-going	700	5.4
7.	A Property developer	Residential	3.8	November 2014	On-going	646	5.0
8.	Customer C	Residential	6.5	August 2014	On-going	590	4.5
9.	Customer E	Residential	7.3	October 2013	On-going	560	4.3
10.	Customer D	Residential	2.3	April 2016	On-going	428	3.3
						10,117	77.7
Others						2,912	22.3
						13,029	100.0

As at 31 March 2018

	Customer	Types of project	Contract Sum	Commencement date	Completion date	Contract assets balance as at 31 March 2018	% of total contract assets balance
			HK$ million			*HK$'000*	*%*
1.	A property developer	Residential	4.7	July 2017	On-going	1,410	10.6
2.	Customer C	Residential	8.0	March 2013	On-going	900	6.8
3.	A property developer	Residential	6.0	June 2016	On-going	817	6.2
4.	Customer C	Residential	6.5	August 2014	On-going	743	5.6
5.	An individual	Residential	5.0	October 2016	On-going	650	4.9
6.	A property developer	Residential	4.5	September 2013	On-going	630	4.7
7.	A non-property developer	Commercial	1.3	June 2017	On-going	550	4.1
8.	Customer A	Residential	12.0	April 2015	On-going	535	4.0
9.	Customer A	Residential	4.8	May 2016	On-going	480	3.6
10.	A property developer	Residential	2.0	May 2017	On-going	440	3.3
						7,155	53.8
Others						6,129	46.2
						13,284	100.0

As at 31 March 2019

	Customer	Types of project	Contract Sum	Commencement date	Completion date	Contract assets balance as at 31 March 2019	% of total contract assets balance
			HK$ million			*HK$'000*	*%*
1.	Customer A	Commercial	11.9	December 2016	On-going	1,840	10.3
2.	Customer A	Residential	7.0	September 2015	On-going	1,680	9.4
3.	Customer A	Residential	12.0	April 2015	On-going	1,565	8.7
4.	Customer E	Residential	7.3	October 2013	On-going	1,414	7.9
5.	An individual	Residential	5.0	October 2016	On-going	1,050	5.9
6.	A property developer	Residential	3.8	November 2014	On-going	798	4.5
7.	A property developer	Residential	5.5	April 2018	On-going	660	3.7
8.	Customer A	Residential	10.0	September 2016	On-going	641	3.6
9.	Customer H	Residential	8.6	May 2018	On-going	509	2.8
10.	Customer C	Residential	2.5	July 2015	On-going	467	2.6
						10,624	59.4
Others						7,267	40.6
						17,891	100.0

As at 30 June 2019

	Customer	Types of project	Contract Sum	Commencement date	Completion date	Contract assets balance as at 30 June 2019	% of total contract assets balance
			HK$ million			*HK$'000*	*%*
1.	Customer A	Commercial	11.9	December 2016	On-going	2,926	12.7
2.	Customer A	Residential	8.5	September 2015	On-going	1,575	6.8
3.	Customer A	Residential	10.0	September 2016	On-going	1,536	6.7
4.	Customer A	Residential	12.0	April 2015	On-going	1,185	5.1
5.	An individual	Residential	5.0	October 2016	On-going	1,150	5.0
6.	Customer J	Residential	4.8	February 2018	On-going	1,056	4.6
7.	A property developer	Residential	5.5	April 2018	On-going	935	4.0
8.	A property developer	Residential	3.8	November 2014	On-going	836	3.6
9.	A property developer	Residential	5.4	September 2017	On-going	725	3.1
10.	Customer E	Residential	7.3	October 2013	On-going	682	3.0
						12,606	54.6
Others						10,476	45.4
						23,082	100.0

The following table sets forth an ageing analysis of the contract assets as at the end of each reporting period:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract assets				
– Within one year	12,865	12,949	16,974	21,632
– More than one year	164	335	917	1,450
	13,029	13,284	17,891	23,082

Over 90% of the contract assets balance as at 31 March 2017, 2018 and 2019 and 30 June 2019 was aged within one year. Subsequent to 30 June 2019 and up to the Latest Practicable Date, approximately HK$8.6 million or 37.5% of the contract assets balance as at 30 June 2019 had been billed and recognised as trade receivables. Of the aforementioned balance of approximately HK$8.6 million subsequently billed and recognised as trade receivables, approximately HK$4.2 million was settled by the customers.

Contract liabilities

Contract liabilities primarily represent the advanced consideration received from customers, which is resulted when progress billings exceed cumulative revenue from an interior design contract. The top projects by contract liabilities balance as at 31 March 2017, 2018 and 2019 and 30 June 2019 were as below:

As at 31 March 2017

	Customer	Types of project	Contract Sum	Commencement date	Completion date	Contract liabilities balance as at 31 March 2017	% of total contract liabilities balance
			HK$ million			*HK$'000*	*%*
1.	A non-property developer	Residential	2.5	January 2016	On-going	699	23.2
2.	Customer E	Residential	4.0	June 2016	On-going	590	19.6
3.	Customer B	Residential	1.9	August 2015	On-going	342	11.3
4.	Customer A	Residential	4.8	May 2016	On-going	192	6.4
5.	A property developer	Residential	4.5	September 2013	On-going	180	6.0
						2,003	66.5
Others						1,014	33.5
						3,017	100.0

As at 31 March 2018

	Customer	Types of project	Contract Sum	Commencement date	Completion date	Contract liabilities balance as at 31 March 2018	% of total contract liabilities balance
			HK$ million			*HK$'000*	*%*
1.	A property developer	Commercial	11.0	March 2014	On-going	1,849	22.8
2.	Customer A	Residential	10.0	June 2016	On-going	1,774	21.9
3.	Customer F	Residential	2.0	March 2018	On-going	920	11.3
4.	Customer A	Commercial	11.5	December 2016	On-going	690	8.5
5.	A property developer	Residential	4.0	February 2017	On-going	560	6.9
						5,793	71.4
Others						2,314	28.6
						8,107	100.0

As at 31 March 2019

	Customer	Types of project	Contract Sum	Commencement date	Completion date	Contract liabilities balance as at 31 March 2019	% of total contract liabilities balance
			HK$ million			*HK$'000*	*%*
1.	A property developer	Commercial	10.8	March 2014	On-going	1,552	20.4
2.	Customer A	Residential	14.9	January 2019	On-going	1,451	19.1
3.	Customer A	Residential	5.5	November 2018	On-going	908	11.9
4.	A property developer	Residential	3.5	September 2016	On-going	483	6.4
5.	A property developer	Residential	1.8	May 2018	On-going	432	5.7
						4,826	63.5
Others						2,770	36.5
						7,596	100.0

As at 30 June 2019

	Customer	Types of project	Contract Sum	Commencement date	Completion date	Contract liabilities balance as at 30 June 2019	% of total contract liabilities balance
			HK$ million			*HK$'000*	*%*
1.	A property developer	Commercial	10.8	March 2014	On-going	1,444	23.9
2.	Customer A	Residential	14.9	January 2019	On-going	1,076	17.8
3.	A property developer	Residential	1.8	May 2018	On-going	414	6.9
4.	A property developer	Residential	3.5	September 2016	On-going	379	6.3
5.	Customer A	Residential	5.5	November 2018	On-going	302	5.0
						3,615	59.9
Others						2,416	40.1
						6,031	100.0

The following table sets forth an ageing analysis of the contract liabilities as at the end of each reporting period:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract liabilities				
– Within one year	2,818	7,777	5,840	4,396
– More than one year	199	330	1,756	1,635
	3,017	8,107	7,596	6,031

Subsequent to 30 June 2019 and up to 30 September 2019, approximately HK$2.7 million or 44.7% of the contract liabilities balance as at 30 June 2019 was recognised as revenue.

Trade and other receivables

The following table sets forth a breakdown of the Target Group's trade and other receivables as at the end of each reporting period:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	26,442	31,304	15,435	9,768
Prepayments, deposits and other receivables	831	1,785	1,852	1,716
	27,273	33,089	17,287	11,484

Trade receivables

The Target Group's trade receivables mainly represent the progress billings receivable from its customers for the Target Group's interior design services provided. As the Target Group's business is project-based, the trade receivables balance depends on the progress, number of projects and progress billing as at the reporting date. Trade receivables increased from approximately HK$26.4 million as at 31 March 2017 to approximately HK$31.3 million as at 31 March 2018, primarily as a result of substantial progress billings of interior design projects made within 60 days before the year end date of 31 March 2018. The trade receivables aged within 60 days as at 31 March 2018 amounted to approximately HK$29.7 million, where the top five customers accounted for approximately HK$15.6 million or 52.7% of such balance. Trade receivables decreased from approximately HK$31.3 million as at 31 March 2018 to approximately HK$15.4 million as at 31 March 2019, which represented a decrease of approximately HK$15.9 million. The balance decreased mainly due to substantial progress billings made within two months immediately before the end of the year ended 31 March 2018. As at 31 March 2018, trade receivables ageing within 60 days amounted to approximately HK$29.7 million, while as at 31 March 2019, only approximately HK$13.9 million of trade receivables were billed within two months before the period end date. As at 30 June 2019, trade receivables further decreased to approximately HK$9.8 million from approximately HK$15.4 million as at 31 March 2019. The decrease in balance was mainly due to settlement of trade receivables by customers during the three months ended 30 June 2019 and the trade receivables billed within 60 days before the period end date decreased to approximately HK$5.3 million.

During the Track Record Period, the credit period granted by the Target Group to its trade debtors ranged from 0 to 120 days. The following table sets forth an ageing analysis of the trade receivables, based on invoice date, as at the end of each reporting period:

		As at 31 March		**As at 30 June**
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	15,166	21,850	12,161	4,404
31 – 60 days	5,352	7,804	1,727	914
61 – 90 days	4,804	–	728	–
91 – 180 days	1,120	1,110	120	4,240
181 – 365 days	–	540	699	30
Over 365 days	–	–	–	180
	26,442	31,304	15,435	9,768

The following table sets forth an ageing analysis of trade receivables which are past due but not impaired:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 – 30 days	13,111	8,204	1,727	914
31 – 60 days	5,172	–	728	8
61 – 90 days	4,554	1,005	120	3,743
91 – 180 days	1,120	105	–	519
181 – 365 days	–	540	699	180
	23,957	9,854	3,274	5,364

As at 31 March 2017, 2018 and 2019 and 30 June 2019, included in the Target Group's trade receivable balances were receivables with aggregate carrying amount of approximately HK$24.0 million, HK$9.9 million, HK$3.3 million and HK$5.4 million, respectively, which were past due at the end of each reporting period for which the Target Group had not provided for impairment loss. As confirmed by the directors of the Target Company, the balances which are past due but not impaired relate to certain customers that have a good track record with the Target Group. Based on the scale and reputation of these customers and past experience, the directors of the Target Company are of the opinion that no allowance for impairment has to be made.

The following table sets forth the Target Group's trade receivables turnover days during the Track Record Period:

	Year ended 31 March			Three months ended 30 June
	2017	**2018**	**2019**	**2019**
Trade receivables turnover days	78.0	170.4	122.2	70.4

Note: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for each of the year ended 31 March 2017, 2018 and 2019 and 91 days for the three months ended 30 June 2019).

Trade receivables turnover days were approximately 78.0 days, 170.4 days and 122.2 days for each of the three years ended 31 March 2019, respectively, which were generally in line with the credit period of 0 to 120 days granted by the Target Group to its customers, except for the year ended 31 March 2018. The trade receivables turnover days increased to approximately 170.4 days for the year ended 31 March 2018 from approximately 78.0 days for the year ended 31 March 2017. As the Target Group's business is project-based, the timing of the billing of trade receivables highly depends on the project progress and the milestones achieved as set out in the payment schedules in contracts. The trade receivable balance therefore, depends on the number of projects and their respective progress billing near and as at the reporting date. The significant increase was primarily due to the substantial progress billings of interior design projects made within 60 days before the year end date of 31 March 2018. As at 31 March 2018, approximately HK$29.7 million trade receivables were aged within 60 days. Such progress billings were mainly attributable to projects with the major customers, which are mostly Hong Kong listed property developers, and were made when the Target Group had satisfied the performance obligations as stated in the payment schedules in the contracts entered with the customers. Moreover, of the trade receivables which are past due but not impaired as at 31 March 2018, a majority of approximately HK$8.2 million or 83.3% were aged within 30 days, and only approximately HK$0.6 million or 6.5% were past due and aged over 90 days. For the year ended 31 March 2019, trade receivable turnover days was approximately 122.2 days, which was slightly over the credit period range granted by the Target Group to its customers and lower than the turnover days of 170.4 days for the year ended 31 March 2018. The higher turnover days for the year ended 31 March 2018 was due to the trade receivable balance as at 31 March 2018 was relatively higher, which amounted to approximately HK$31.3 million and increased the average trade receivable balance for the purpose of calculating the trade receivable turnover days. As mentioned earlier, the relatively large trade receivable balance as at 31 March 2018 was primarily due to the substantial progress billings of approximately HK$29.7 million made within 60 days before the year end date of 31 March 2018. As at 31 March 2019, only approximately HK$13.9 million of trade receivables were billed within 60 days before the period end date.

For the three months ended 30 June 2019, trade receivables turnover days was approximately 70.4 days, which was within the credit period range granted by the Target Group to its customers and lower than the approximately 122.2 days for the year ended 31 March 2019. The trade receivable turnover days decreased mainly attributable to the decrease in trade receivable balance as at 30 June 2019, mainly as a result of settlement of trade receivables by customers during the three months ended 30 June 2019 and the trade receivables billed within 60 days before the period end date decreased to approximately HK$5.3 million.

The following table sets forth the Target Group's contract assets and trade receivables turnover days during the Track Record Period:

	Year ended 31 March			Three months ended 30 June
	2017	**2018**	**2019**	**2019**
Contract assets and trade receivables turnover days	163.7	248.1	203.7	184.9

Note: Contract assets and trade receivables turnover days is calculated by summing the average of the beginning and ending balance of contract assets and trade receivables divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for each of the years ended 31 March 2017, 2018 and 2019 and 91 days for the three months ended 30 June 2019).

Contract assets and trade receivables turnover days were approximately 163.7 days, 248.1 days, 203.7 days and 184.9 days for each of the three years ended 31 March 2019 and the three months ended 30 June 2019, respectively. The contract assets and trade receivables turnover days was similar to the trend of the trade receivables turnover days of approximately 78.0 days, 170.4 days, 122.2 days and 70.4 days, for each of the three years ended 31 March 2019 and the three months ended 30 June 2019, respectively, mainly due to the average contract assets balance was relatively stable as at 31 March 2017, 2018 and 2019 and 30 June 2019. For the fluctuation in trade receivables, please refer to above in this paragraph.

The following table sets forth the subsequent settlement of the trade receivables balance as at 30 June 2019 up to the Latest Practicable Date:

	Trade receivables as at 30 June 2019	**Subsequent settlement up to the Latest Practicable Date**	
	HK$'000	*HK$'000*	*%*
Within 30 days	4,404	4,244	96.4
31 – 60 days	914	914	100.0
91 – 180 days	4,240	3,725	87.9
181 – 365 days	30	30	100.0
Over 365 days	180	180	100.0
	9,768	9,093	93.1

As at the Latest Practicable Date, approximately HK$9.1 million or 93.1% of the Target Group's trade receivables as at 30 June 2019 has been settled.

Trade and other payables

The following table sets forth a breakdown of the Target Group's trade and other payables as at the end of each reporting period:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	24	–	–	–
Accruals and other payables	1,964	3,753	3,616	4,673
	1,988	3,753	3,616	4,673

Trade payables

Trade payables as at 31 March 2017, 2018 and 2019 and 30 June 2019 amounted to approximately HK$24,000, nil, nil and nil, and represented payables to subcontractors for their services provided. During the Track Record Period, the Target Group produced most of the design drawings by its own in-house professional designers. Projects involving subcontractors accounted for approximately 1.2%, 2.6%, 3.9% and 12.5% of total cost of services for the three years ended 31 March 2019 and the three months ended 30 June 2019 respectively.

During the Track Record Period, credit terms of 0 to 30 days were granted by the Target Group's subcontractors. The following table sets forth an ageing analysis of the trade payables, based on invoice date, as at the end of each reporting period:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	24	–	–	–

The following table sets forth the Target Group's trade payables turnover days during the Track Record Period:

	Year ended 31 March			Three months ended 30 June
	2017	2018	2019	2019
Trade payables turnover days	0.2	0.2	–	–

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by cost of services for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for each of the years ended 31 March 2017, 2018 and 2019 and 91 days for the three months ended 30 June 2019).

Trade payables turnover days were approximately 0.2 day, 0.2 day, nil and nil for each of the three years ended 31 March 2019 and the three months ended 30 June 2019. The Target Group had relatively low trade payables turnover days during the Track Record Period, as the Target Group produced most of the design drawings by its own in-house professional designers, and the Target Group only incurred relatively low subcontracting costs for drafting services.

Accruals and other payables

Accruals and other payables mainly consisted of accrued expenses such as audit fees, office renovation fees, staff travelling reimbursements etc.

Tax liabilities

The Target Group's assessable profits for the years ended 31 March 2015 and 2016 were based on the Hong Kong profits tax returns filed for the years ended 31 March 2015 and 2016. The tax returns were prepared by the Target Group in accordance with the statutory financial statements of the Target Group's subsidiaries for the years ended 31 March 2015 and 2016, which were audited by the Target Group's predecessor auditor and assessed by the Inland Revenue Department of Hong Kong ("**IRD**").

In preparation of the financial information of the Target Group for the Track Record Period, the management of the Target Company had identified errors, being mainly accounting errors in relation to the recognition of the contract revenue and the associated direct costs, in the statutory financial statements of the Principal Subsidiaries for the years prior to and the year ended 31 March 2016. Such errors were resulted from the contract revenue of the Target Group was not recognised according to the actual stage of completion of projects, which was not fully in line with the applicable financial reporting standards. As a result, there was a timing difference in the recognition of contract revenue and the associated direct costs, leading to differences in the assessable profits and hence the tax undercharge for the Principal Subsidiaries for the two years ended 31 March 2016. Other than that, the Target Group had adopted HKFRS 15 "Revenue from Contracts with Customers", and such adoption has been applied to the Track Record Period retrospectively and the effect of HKFRS 15 was included in the restated financial statements of the Principal Subsidiaries for the years ended 31 March 2015 and 2016.

As a result of the foregoing and taking into account of materiality, the aggregate amount of tax undercharged of the Principal Subsidiaries for the years ended 31 March 2015 and 2016 of approximately HK$4.3 million and HK$0.3 million, respectively, have been restated in the Principal Subsidiaries' statements of profit or loss for the years ended 31 March 2015 and 2016, respectively. Such amount of tax undercharged is subject to final assessment of the IRD.

In this connection, the Target Group has appointed the Tax Adviser, to issue an independent Hong Kong tax opinion as to the potential tax penalty resulting from the foregoing for the year ended 31 March 2016 and prior periods. According to the Tax Adviser, given that the filing to the IRD for tax reassessment is on voluntary basis, the IRD should categorise the case as voluntary disclosure. It is further opined in the tax opinion that the IRD is not likely to assess the case as "intentional disregard to the law" thus according to the Penalty Policy from the IRD website, the potential tax penalty shall be at 5% to 10% of the aggregated tax undercharged of approximately HK$4.6 million plus interest. Based on the tax opinion, prepared by the Target Group's independent tax advisor, the potential tax penalty is unlikely to reach the maximum amount and the potential tax penalty is expected to be approximately HK$0.7 million, being approximately 8% (compound annually) of the aggregated tax undercharged, plus interest. As such, potential tax penalty including interests of approximately HK$0.7 million was provided and recognised as other expenses in the Target Group's consolidated statements of profit or loss during the Track Record Period.

The Target Group has adopted the following internal control enhancement to prevent the recurrence of the abovementioned accounting errors and the associated tax issues: (i) employed a financial controller in April 2018, who is a member of the Association of Chartered Certified Accountants in the United Kingdom, to monitor financial reporting procedures to ensure the adoption of proper accounting policies; and (ii) the financial controller will also be responsible for reviewing the tax returns filed with the IRD, and if necessary, tax adviser will be consulted to ensure tax related laws and requirements are complied with.

The Target Group had made filings to the IRD for tax reassessment for the relevant years of assessment upon the issue of the Principal Subsidiaries' statutory financial statements in January 2018, and had settled the tax liabilities according to the tax assessment for the year ended 31 March 2017. The Target Group will duly settle the reassessed income tax balance in accordance with the requirement of the IRD upon request.

It was noted that the tax undercharged as identified were primarily due to timing difference of revenue recognition and was resulting from the lack of professional accounting knowledge and experience of the Target Group's accounting personnel. For the years prior to and the year ended 31 March 2016, the Target Group had outsourced most of the works relating to book-keeping and preparation of management accounts to an independent accounting service provider, while the Target Group only maintained a relatively simple accounting function. Given (i) the tax undercharged were primarily due to timing difference of revenue recognition; (ii) the Target Group had outsourced most of the works relating to book-keeping and preparation of management accounts and only maintained a relatively simple accounting function; (iii) the Target Group had made voluntary tax reassessment filings for the relevant years to the IRD; (iv) the Target Group had actively adopted the internal control enhancements to rectify and prevent the accounting errors and the associated tax issues as discussed above, including the employment of Mr. Yeung Sai Cheong as financial controller of the Target Group, who is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom; and (v) the Tax Adviser opined that the IRD is not likely to assess the case as "intentional disregard to the law", the directors of the Target Company are of the view, and the Sponsor concurs with their view, that the tax undercharged is not a material non-compliance, and will not affect the suitability of the directors of the Target Company to act as directors of the Company under Rules 5.01 and 5.02 of the GEM Listing Rules.

Amount(s) due from/to director(s)/the holding company

The following table sets forth the amount(s) due from/to related parties:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from a director	57,402	–	–	–
Amounts due to directors	–	16,774	43	40
Amount due to the holding company	–	–	50	50

Amount due from a director

The amount due from a director mainly represented the advances made to Mr. Norman Chan which was non-trade in nature, unsecured, non-interest bearing and repayable on demand. The amount due from a director was approximately HK$57.4 million, nil, nil and nil as at 31 March 2017, 2018 and 2019 and 30 June 2019, respectively. The balance decreased to nil as at 31 March 2018 as a result of the dividends declared by the Target Group during the year ended 31 March 2018 which were partly settled through offsetting the balance with amount due from Mr. Norman Chan.

Amounts due to directors

As at 31 March 2018, the amounts due to directors represented (i) amount due to Mr. Norman Chan of approximately HK$14.7 million; and (ii) amount due to Mr. Alex Lee of approximately HK$2.1 million. The amounts were non-trade in nature, unsecured, non-interest bearing and repayable on demand. The balance increased to approximately HK$16.8 million as at 31 March 2018 from nil as at 31 March 2017, mainly due to (i) the net amount due to Waldorf Holdings of approximately HK$26.3 million was transferred to Mr. Norman Chan and such amount was payable to Mr. Norman Chan accordingly; (ii) an amount of approximately HK$10.2 million was advanced to Mr. Norman Chan during the year ended 31 March 2018; (iii) the Target Group disposed of its key management insurance policy at a consideration of approximately HK$1.9 million to Mr. Norman Chan during the year ended 31 March 2018, and was settled through netting off the same amount with amount due to Mr. Norman Chan; and (iv) dividend declared of approximately HK$2.1 million to Mr. Alex Lee was unsettled as at 31 March 2018.

As at 31 March 2019 and 30 June 2019, the amounts due to directors represented amounts due to Mr. Norman Chan and Mr. Alex Lee. As at 31 March 2019 and 30 June 2019, the amount due to Mr. Norman Chan was approximately HK$26,000 and HK$26,000, respectively and amount due to Mr. Alex Lee was approximately HK$17,000 and HK$14,000, respectively. The amount was non-trade in nature, unsecured, non-interest bearing and repayable on demand. The balance decreased from approximately HK$16.8 million as at 31 March 2018 to approximately HK$43,000 as at 31 March 2019, mainly due to the repayment to directors of approximately HK$16.7 million during the year ended 31 March 2019. The balance as at 30 June 2019 was relatively stable as compared to the balance as at 31 March 2019. As confirmed by the directors of the Target Company, the amounts due to directors will be settled before the Completion.

Amount due to the holding company

Amount due to the holding company represents amount due to Whistle Up, which was non-trade in nature, unsecured, non-interest bearing and repayable on demand.

RELATED PARTY TRANSACTIONS

Please refer to the section headed "Related party transactions" in note 36 of the Accountants' Report set out in Appendix III to this prospectus.

The directors of the Target Company are of the view that the related party transactions were conducted at arm's length and on normal commercial terms, and would not distort the Target Group's results of operations over the Track Record Period or make the Target Group's historical results over the Track Record Period not reflective of the Target Group's expectations for the Target Group's future performance.

INDEBTEDNESS

Borrowings

The following table sets out the Target Group's borrowings as at the dates indicated:

		As at 31 March		As at 30 June	As at 30 September
	2017	**2018**	**2019**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)
Current liabilities					
Amounts due to directors	–	16,774	43	40	39
Amount due to Whistle Up	–	–	50	50	50
Bank loans – secured and guaranteed	46,360	25,000	23,149	22,676	52,199
Bank loans – unsecured and guaranteed	–	–	9,927	9,367	–
	46,360	41,774	33,169	32,133	52,288

Amount(s) due to directors/Whistle Up

As at 31 March 2018, the amounts due to directors represented (i) amount due to Mr. Norman Chan of approximately HK$14.7 million; and (ii) amount due to Mr. Alex Lee of approximately HK$2.1 million. As at 31 March 2019, 30 June 2019 and 30 September 2019, the amounts due to directors represented amounts due to Mr. Norman Chan and Mr. Alex Lee. The amounts due to directors/Whistle Up are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Bank loans

As at 31 March 2017, 2018 and 2019, 30 June 2019 and 30 September 2019, the Target Group had outstanding bank loans of approximately HK$46.4 million, HK$25.0 million, HK$33.1 million, HK$32.0 million and HK$52.2 million, respectively. As at 30 September 2019, the Target Group did not have unutilised banking facilities. As at 30 September 2019, bank loans of the Target Group consisted of revolving loans and instalment loans totalling to approximately HK$52.2 million. All of the bank loans of the Target Group contain a repayment on demand clause. Accordingly, all bank loans are classified as current liabilities in the consolidated statements of financial position. The following table sets out the Target Group's bank loans due for repayment based on scheduled repayment dates set out in the banking facilities letters:

	As at 31 March			As at 30 June	As at 30 September
	2017	**2018**	**2019**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)
Within one year	1,960	16,853	19,195	19,238	34,701
More than one year but not more than two years	1,998	1,923	4,370	4,414	4,903
More than two years but not more than five years	42,402	6,224	9,511	8,391	12,595
	46,360	25,000	33,076	32,043	52,199

The following table sets out the effective interest rates of the Target Group's bank loans as at the dates indicated:

	As at 31 March			As at 30 June	As at 30 September
	2017	**2018**	**2019**	**2019**	**2019**
					(unaudited)
Variable-rate loans					
Effective interest rates per annum	1.94%	1.85% – 3.75%	1.98% – 4.21%	1.98% – 4.21%	1.98% – 4.38%

The Target Group is subject to the maintenance of a specified ratio of its liabilities under the banking facilities granted to the Target Group during the year ended 31 March 2017 to the market value of the charged properties at or below 80%. If such percentage is exceeded at any time, the bank shall demand, at the option of the bank, for partial repayment of the outstanding loan amount in order to restore the required ratio. During the period from the inception of the loans and up to the date of full repayment of the loans, the Target Group complied with the aforesaid requirement.

The Target Group's banking facilities as at 30 September 2019 are secured and/or guaranteed by:

(i) Two sets of assignment of the Target Group's key management insurance policy;

(ii) a corporate guarantee executed by Waldorf Holdings; and

(iii) a personal guarantee from Mr. Norman Chan.

As at the Latest Practicable Date, the bank which had provided the revolving and instalment loans banking facilities to the Target Group had granted in-principle consents to release the corporate and personal guarantees provided by Waldorf Holdings and Mr. Norman Chan, respectively, and replace such corporate and personal guarantees by corporate guarantee given by the Company upon the Completion.

Save as disclosed above, the Target Group did not have, at the close of business on 30 September 2019, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loan or other similar indebtedness, liabilities under acceptances or acceptance credit, debentures, hire purchase commitments, mortgages, charges, material contingent liabilities or guarantees outstanding. The directors of the Target Company confirm that there has not been any default on repayments or other obligations in any material respects under the loan agreements.

Lease liabilities

The Target Group leases office premises and office equipment for operations. Upon the adoption of HKFRS 16 on 1 April 2019, these liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. The following table sets forth the Target Group's lease liabilities as at the dates indicated:

					As at
		As at 31 March		**As at 30 June**	**30 September**
	2017	**2018**	**2019**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)
Minimum lease payments due					
– Within one year	–	–	–	4,611	4,523
– More than one year, but not more than two years	–	–	–	2,531	1,391
– More than two years, but not more than five years	–	–	–	621	930
	–	–	–	7,763	6,844
Less: future interest expenses	–	–	–	(216)	(199)
	–	–	–	7,547	6,645

CAPITAL EXPENDITURE

During the Track Record Period, capital expenditures incurred by the Target Group were mainly for the purchase of property, plant and equipment, including leasehold improvements, furniture and fixtures, office equipment and motor vehicles, and amounted to approximately HK$2.4 million, HK$2.1 million, HK$0.7 million and HK$25,000, respectively.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, the Target Group did not have any contingent liabilities that would have a material adverse impact on the Target Group's financial position, liquidity or result of operation.

COMMITMENTS

The Target Group does not have material commitments other than operating lease commitments. Below sets forth the total future minimum lease payments under non-cancellable operating leases of the Target Group at the dates indicated:

	As at 31 March		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	219	5,587	4,387
In the second to fifth years inclusive	269	5,442	1,414
	488	11,029#	5,801#

\# Included in the above operating lease commitments, as at 31 March 2018 and 2019, are amounts of approximately HK$1,845,000 and HK$1,054,000 respectively in respect of the office premises under a tenancy agreement, originally for a term of three years commencing from 1 August 2017 and expiring on 31 July 2020, a surrender agreement was entered into on 16 August 2019 for early termination of the tenancy agreement with effect from 31 July 2019, without payment of compensation to the landlord.

The Target Group is the lessee in respect of certain office premises, director's quarter and office equipment held under leases which were previously classified as operating leases under HKAS 17. The Target Group had adopted HKFRS 16 from 1 April 2019 as stated in note 1 of the Accountants' Report. From 1 April 2019 onwards, future lease payments are recognised as lease liabilities, except for short-term leases and leases of low-value assets, in the consolidated statements of financial position in accordance with the accounting policies set out in note 3(d) of the Accountants' Report.

As at 30 June 2019, the Target Group's lease commitments for non-cancellable short-term leases amounted to approximately HK$95,000.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, the Target Group did not have any material off-balance sheet arrangements.

DIVIDENDS, DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

During the year ended 31 March 2018, BTR Asia, BTR Intl, BTR HK and BTR Workshop declared an interim dividend of approximately HK$1.0 million, HK$10.0 million, HK$41.0 million and HK$18.5 million, respectively to their owners.

In December 2018, BTR Asia, BTR HK, BTR Intl and BTR Workshop declared and paid an interim dividend of approximately HK$0.6 million, HK$7.0 million, HK$4.0 million and HK$6.4 million, respectively to their owners.

On 25 October 2019, the Target Company declared an interim dividend of approximately HK$19 million to the Investor.

Save for the above, the Target Group did not declare any dividend during the Track Record Period and up to the Latest Practicable Date.

Pursuant to the Restructuring Framework Agreement, the Investor and the Company agreed that the Investor may, prior to the Completion and subject to applicable laws and regulations, procure each of the Principal Subsidiaries to declare and pay dividends to the Target Company of an aggregate amount no greater than the amounts of its retained earnings as at 31 March 2018 and as at 31 March 2019 and after such declaration of dividends by the Principal Subsidiaries, procure the Target Company to declare and pay dividends to the Investor prior to the completion of Acquisition of an aggregate amounts no greater than the aggregate amount of the dividends declared by the Principal Subsidiaries provided that after the declaration and distribution of the Pre-Completion Dividends and having taking into account the working capital loan of HK$14 million to be provided by the Company to the Target Group within ten (10) Business Days after Completion, the Target Group shall have sufficient working capital for its business operations for the period up to 30 June 2020. The directors of the Target Company are considering to declare and distribute all of the Target Group's retained earnings as at 31 March 2019 as dividends to the Investor. The directors of the Target Company confirmed that any dividend payable will be settled prior to the Completion and will be funded by internally generated cash flows and/or borrowings.

The Target Group currently does not have a dividend policy. Any amount of dividends to be declared and paid by the Target Group will be at the discretion of the directors of the Target Company taking into consideration the Target Group's future operations and earnings, capital requirements and surplus, general financial condition and such other factors that the directors of the Target Company consider appropriate. The dividend distribution record in the past may not be used as a reference or basis to determine level of dividends that may be declared or paid in the future. However, there is no assurance that dividends will be declared or paid in such amount, or at all, for each or any year.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in operation.

As at 30 June 2019, the Target Company did not have any distributable reserve.

SUBSEQUENT EVENTS

For significant events that took place subsequent to 30 June 2019, please refer to note 37 to the Accountants' Report.

KEY FINANCIAL RATIOS

		Year ended/as at 31 March			Three months ended/as at 30 June
Profitability ratios		**2017**	**2018**	**2019**	**2019**
	Notes	*%*	*%*	*%*	*%*
Gross profit margin	1	61.3	57.0	59.2	55.6
Net profit margin	2	31.1	26.6	24.6	17.6
Return on equity	3	28.1	77.3	83.9	N/A
Return on total assets	4	15.9	20.8	25.0	N/A

		As at 31 March			As at 30 June
		2017	**2018**	**2019**	**2019**
	Notes	*times*	*times*	*times*	*times*
Liquidity ratios					
Current ratio	5	2.2	1.2	1.2	1.2
Capital adequacy ratio					
Gearing ratio	6	0.6	2.0	1.6	1.4

Notes:

1. The calculation of gross profit margin is based on the gross profit divided by the revenue for the respective year/period.

2. Net profit margin is calculated by the profit and total comprehensive income for the respective year/period divided by the revenue for the respective year/period.

3. Return on equity is calculated based on the profit and total comprehensive income for the respective year, divided by the total equity at the respective reporting date. Return on equity is not applicable for the three months ended 30 June 2019 as it is not meaningful given the recorded net profit only represented amount for three months ended 30 June 2019.

4. The return on total assets is calculated by dividing the profit and total comprehensive income for the respective year divided by the total assets at the respective reporting date. Return on total assets is not applicable for the three months ended 30 June 2019 as it is not meaningful given the recorded net profit only represented amount for three months ended 30 June 2019.

5. Current ratio is calculated based on the total current assets divided by the total current liabilities at the respective reporting date.

6. Gearing ratio is calculated based on the total borrowings (including amounts due to directors and the holding company and bank loans) divided by the total equity at the respective reporting date.

Gross profit margin

The Target Group's gross profit margin were approximately 61.3%, 57.0%, 59.2% and 55.6% during the Track Record Period, respectively. For further information in relation to the Target Group's gross profit margin, please refer to the paragraph headed "Principal components of results of operations – Gross profit and gross profit margin" in this section.

Net profit margin

During the Track Record Period, the net profit margin of the Target Group was approximately 31.1%, 26.6%, 24.6% and 17.6%, respectively. The net profit margin decreased to approximately 26.6% for the year ended 31 March 2018, primarily attributable to the combined effects of (i) the gross profit margin decreased to approximately 57.0% while the gross profit margin for the year ended 31 March 2017 was approximately 61.3%; (ii) an increase in administrative expenses of approximately HK$2.9 million or 19.1% as compared with the year ended 31 March 2017; and (iii) the one-off nature gain on disposal of property, plant and equipment of approximately HK$3.2 million recorded in other gains during the year ended 31 March 2018. For the year ended 31 March 2019, the net profit margin decreased to approximately 24.6%, mainly due to during the year ended 31 March 2018, the Target Group recorded a one-off gain on disposal of property, plant and equipment of approximately HK$3.2 million. For the three months ended 30 June 2019, the net profit margin decreased to approximately 17.6%, mainly due to a lower gross profit margin of approximately 55.6%.

Return on equity

Return on equity for each of the three years ended 31 March 2019 of the Target Group was approximately 28.1%, 77.3% and 83.9%, respectively. The return on equity increased to approximately 77.3% for the year ended 31 March 2018, mainly due to the Principal Subsidiaries had aggregately declared dividends of approximately HK$70.5 million during the year, which led to a decrease in total equity. As at 31 March 2017 and 2018, total equity were approximately HK$75.3 million and HK$21.3 million, respectively. The return on equity further increased to approximately 83.9% for the year ended 31 March 2019, primarily as a result of dividends of approximately HK$18.0 million paid during the year ended 31 March 2019, which led to a decrease in total equity.

Return on total assets

The Target Group's return on total assets was approximately 15.9%, 20.8% and 25.0%, respectively during each of the three years ended 31 March 2019. The return on total assets increased to approximately 20.8% for the year ended 31 March 2018 from approximately 15.9% for the year ended 31 March 2017, primarily attributable to the amount due from a director balance decreased by approximately HK$57.4 million as compared with the balance as at 31 March 2017, leading to a decrease in total assets. Return on total assets further increased to approximately 25.0% for the year ended 31 March 2019, mainly due to the decrease in trade and other receivables as at 31 March 2019.

Current ratio

The current ratio was approximately 2.2 times, 1.2 times, 1.2 times and 1.2 times as at 31 March 2017, 2018 and 2019 and 30 June 2019, respectively. The current ratio decreased to approximately 1.2 times as at 31 March 2018, mainly because amount due from a director decreased by approximately HK$57.4 million as compared with as at 31 March 2017, leading to a significant decrease in current assets. As at 31 March 2019 and 30 June 2019, the current ratio was stable at approximately 1.2 times.

Gearing ratio

The Target Group's gearing ratio as at 31 March 2017, 2018 and 2019 and 30 June 2019 was approximately 0.6 times, 2.0 times, 1.6 times and 1.4 times, respectively. The gearing ratio increased to approximately 2.0 times as at 31 March 2018 from approximately 0.6 times as at 31 March 2017, primarily due to the Principal Subsidiaries had aggregately declared dividends of approximately HK$70.5 million during the year ended 31 March 2018, which led to a decrease in total equity. As at 31 March 2019, the gearing ratio was approximately 1.6 times as compared with approximately 2.0 times as at 31 March 2018. The decrease was mainly due to the net effect of (i) a decrease in amounts due to directors of approximately HK$16.7 million; and (ii) an increase in bank loans of approximately HK$8.1 million. As at 30 June 2019, the gearing ratio remained relatively stable and was approximately 1.4 times.

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

The Target Group actively and regularly reviews and manages its capital structure in order to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Target Group monitors its capital structure by maintaining an adequate debt and equity level.

Financial risk management

The Target Group is exposed to foreign currency risk, credit risk, liquidity risk and interest rate risk in the normal course of business. The following sets out the details of each of the risk:

(i) Foreign currency risk

The Target Group is mainly exposed to the foreign exchange risk of US$, RMB, Japanese yen and New Taiwan dollars. Under the pegged exchange rate system, the financial impact on exchange difference between HK$ and US$ will be immaterial as all US$ denominated monetary assets and liabilities are held by group entities having HK$ as their functional currency. For RMB, Japanese yen and New Taiwan dollars, as the amount involved is insignificant, the foreign currency risk arising from RMB, Japanese yen and New Taiwan dollars is immaterial.

(ii) Credit risk

The Target Group's credit risk is primarily attributable to its key management insurance policy, trade and other receivables, contract assets, amount due from a director and bank balances.

The Target Group's credit risk on key management insurance policy held and bank balances is limited since the counterparties are top-tier financial service providers with good reputation and banks with high credit-ratings.

In respect of trade receivables and contract assets, individual credit evaluations are performed on all customers, which focus on the customer's reputation and past history of making payments. In addition, the directors of the Target Company review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors of the Target Company consider that the Target Group's credit risk is significantly reduced.

The management of the Target Company assesses the credit risk exposure on the amount due from a director to be low as the counterparties were with a strong financial position during the respective reporting periods.

(iii) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(iv) Interest rate risk

The Target Group's exposure to interest-rate risk arises primarily from its bank loans. These bank loans bear interests at variable rates varied with the then prevailing market condition.

For further details on the Target Group's financial risk management policies and practices, please refer to note 5 in the Accountants' Report.

TOTAL EXPENSES

The aggregate fees, together with the Stock Exchange listing fee, legal and other professional fees, printing and other expenses relating to the Resumption Proposal and the transactions contemplated thereunder, are estimated to be approximately HK$45.3 million in aggregate, of which approximately HK$42.7 million and HK$2.6 million are payable by the Company and Mr. Norman Chan, respectively.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS OF THE RESTRUCTURED GROUP

Please refer to the section headed "Unaudited pro forma financial information of the Restructured Group" set forth in Appendix V in this prospectus for details.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

The directors of the Target Company have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

NO MATERIAL ADVERSE CHANGE

The board of directors of the Target Company confirms that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or outlook of the Target Group since 30 June 2019 (being the date to which the latest audited consolidated financial statements of the Target Group were prepared), and there is no event since 30 June 2019 which would materially affect the information shown in the Accountants' Report set out in Appendix III to this prospectus.

SHARE CAPITAL

The authorised and issued share capital of the Company (i) immediately before and following the Capital Reorganisation becoming effective; (ii) immediately following completion of the Share Offer (without taking into account any shares to be issued upon exercise of any options which may be granted under the Share Option Scheme); (iii) the issue of the Creditors Shares; (iv) the issue of the Consideration Shares; and (v) the issue of the Capitalisation Shares will be as follows:

(i) Immediately before the Capital Reorganisation becoming effective

		HK$
Authorised share capital:		
31,250,000,000	Shares of HK$0.08 each	2,500,000,000.00
Issued and paid-up share capital:		
3,415,197,762	Shares of HK$0.08 each	273,215,820.96

(ii) As at the Latest Practicable Date

		HK$ *(Note)*
Authorised share capital:		
New Shares		
100,000,000,000	New Shares of HK$0.0001 each	10,000,000.00
Issued and paid-up share capital:		
68,303,955	New Shares of HK$0.0001 each	6,830.40

(iii) Immediately following (i) the Capital Reorganisation becoming effective; (ii) the Share Offer; (iii) the issue of the Creditors Shares; (iv) the issue of the Consideration Shares; and (v) the issue of the Capitalisation Shares

		HK$ *(Note)*
Authorised share capital:		
New Shares		
100,000,000,000	New Shares of HK$0.0001 each	10,000,000.00

Issued and paid up share capital:

68,303,955	New Shares of HK$0.0001 each immediately upon the Capital Reorganisation becoming effective	6,830.40
298,011,834	New Shares to be allotted and issued under the Share Offer and Creditors Shares to be allotted and issued to the Scheme SPC	29,801.18
854,736,842	New Shares to be allotted and issued to the Investor under the Acquisition Agreement and the Investor Loan Agreement	85,473.68
1,221,052,631		**122,105.26**

Note: The figures are rounded to the nearest 2 decimal places.

Since 31 March 2019, the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date, no Shares have been allotted and issued by the Company or bought-back by the Company. The Company did not buy back any Share during the 12 months period immediately preceding the Latest Practicable Date. No part of the equity or debt securities of the Company is listed or dealt in, nor is listing or permission to deal in the Shares or loan capital of the Company being, or proposed to be, sought on any other stock exchange.

RANKING

When fully paid and allotted, the Offer Shares, the Creditors Shares, the Consideration Shares and the Capitalisation Shares will rank pari passu in all respects among themselves, including all rights to dividend and distributions which may be declared, made or paid by the Company, voting and interest in capital, with the New Shares in issue (after the Capital Reorganisation becoming effective) as at the respective date of allotment and issue thereof.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, upon Completion and at all times thereafter, the Company must maintain the "minimum prescribed percentage" of 25% of the total number of issued Shares of the Company in the hands of the public (as defined in the GEM Listing Rules).

SHARE OPTION SCHEME

A summary of the principal terms of the Share Option Scheme is set out in the section headed "Statutory and general information – F. Share Option Scheme" in Appendix VII to this prospectus.

OUTSTANDING OPTIONS, WARRANTS OR OTHER SECURITIES

As at the Latest Practicable Date, there were outstanding Convertible Bonds in the principal amount of US$50,000,000 with a conversion price of HK$1.73 per Share, the conversion period of which will expire on 12 May 2020. The Convertible Bonds were issued on 12 May 2015 by the Company in satisfaction and cancellation of the redemption amount of US$140,000,000 for the old convertible bonds issued by the Company on 18 December 2008.

Other than the Convertible Bonds, there were no other outstanding options, warrants or other conversion rights over any part of the Company's share capital as at the Latest Practicable Date. The conversion rights attaching to the Convertible Bonds will be extinguished upon the Creditors Schemes having becoming effective.

GENERAL MANDATES

By the resolutions of the Shareholders passed at the annual general meeting of the Company held on 30 July 2019, the Directors have been granted general and unconditional mandates to exercise the powers of the Company to:

(i) allot, issue and deal with unissued Shares up to a maximum of 20% of the total number of the issued Shares as at the date of passing of the relevant resolution (the "**Issue Mandate**");

(ii) repurchase, on the Stock Exchange, or on any other stock exchange on which the Shares may be listed, the Shares up to a maximum of 10% of the total number of the issued Shares as at the date of passing of the relevant resolution (the "**Repurchase Mandate**"); and

(iii) extend the Issue Mandate by an addition of an amount representing the total number of Shares repurchased by the Company under the Repurchase Mandate (the "**Extension Mandate**").

The Repurchase Mandate, the Issue Mandate and the Extension Mandate will expire at 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 of the Company or any applicable laws of the Cayman Islands to be held; or (c) the date on which the authority given under such resolution is revoked, varied, or renewed by an ordinary resolution of the Shareholders in a general meeting.

UNDERTAKINGS BY THE CONTROLLING SHAREHOLDERS

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, he/she/it shall not and shall procure that the relevant registered shareholder(s) shall not:

(i) in the period commencing from the date of Completion and ending on the date which is 12 months from the Completion (the "**First 12-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the New Shares allotted and issued to him/her/it pursuant to the Acquisition Agreement and the Investor Loan Agreement; and

(ii) in the period of 12 months commencing from the date on which the First 12-month Period expires (the "**Second 12-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company.

Pursuant to Rule 13.19 of the GEM Listing Rules, each of the Controlling Shareholders has further undertaken to the Stock Exchange and the Company that he/she/it will comply with the following requirements:

(i) in the event that he/she/it pledges or charges any direct or indirect interest in Shares or securities of the Company in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First 12-month Period and the Second 12-month Period, he/she/it must inform the Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any interest in the Shares or securities under paragraph (i) above, he/she/it must inform the Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares or securities affected.

Pursuant to Rule 13.20 of the GEM Listing Rules, if the Company has been informed of any matter under Rule 13.19 of the GEM Listing Rules, it shall forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, the Company will hold general meetings as prescribed for under the second amended and restated articles of association, a summary of which is set out in "Summary of the constitution of the Company and Cayman Islands Company Law" set out in Appendix VI to this prospectus.

The Target Group's goals are to achieve sustainable growth and further strengthen its overall competitiveness and business growth in the interior design industry in Hong Kong. To achieve this, the directors of the Target Company plan to continue to capitalise on opportunities by leveraging the Target Group's competitive strengths.

The Target Group will continue to strengthen its market position by improving the interior design services to meet the rising demands of customers, promote its brand of "BTR" and to expand its team of professional designers. Please refer to the paragraph headed "Business of the Target Group - Business strategies" in this prospectus for a detailed description of the Target Group's business strategies and future plans.

UNDERWRITER

Kingston Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering the Offer Shares (including the Reserved Shares) for subscription on and subject to the terms and conditions of this prospectus and the Application Forms relating thereto at the Offer Price.

Subject to, among other things, the approval of the listing of and permission to deal in the New Shares in issue and to be issued as mentioned herein (and such listing and permission not subsequently being revoked prior to the date on which dealings in the New Shares commence on the Stock Exchange) being granted by the Stock Exchange on or before 31 December 2019 or such later date as the Company and the Underwriter may agree in writing, the Underwriter has agreed to procure subscribers, on the terms and conditions of this prospectus and the Application Forms relating hereto, for the Offer Shares now being offered for subscription but not taken up under the Public Offer (including the Preferential Offering).

Termination of the Underwriting Agreement

If, prior to 8:00 a.m. (Hong Kong time) on the date of Completion:

(i) in the absolute opinion of the Underwriter, the success of the Share Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company and the Target Group as a whole or is materially adverse in the context of the Share Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company and the Target Group as a whole or materially and adversely prejudice the success of the Share Offer or otherwise makes it inexpedient or inadvisable to proceed with the Share Offer; or

(ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Share Offer or otherwise makes it inexpedient or inadvisable to proceed with the Share Offer; or

(iii) any change in the circumstances of the Company or any member of the Target Group occurs which in the absolute opinion of the Underwriter shall adversely affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of the Company or the members of the Target Group or the destruction of any material asset of the Target Group; or

(iv) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company and the Target Group as a whole occurs, whether or not ejusdem generis with any of the foregoing; or

(vi) any matter occurs which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Share Offer; or

(vii) any material change or development involving a prospective change, or a materialisation of, any of the risks set forth in the Prospectus; or

(viii) non-compliance of the Prospectus (or any other documents used in connection with the Share Offer) or any aspect of the Share Offer with the GEM Listing Rules, Articles of Association, the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance, the SFO or any other applicable Laws by any of the Company; or

(ix) that any statement, considered by the Underwriter to be material in its absolute discretion, contained in any of the Prospectus, Application Forms and any document in connection of the Share Offer was when the same was issued, or has become, untrue, incorrect or misleading in any material respect or that any forecast, expression of opinion, intention or expectation contained in any of such document is not true and honest and based on reasonable assumptions; or

(x) approval by the Stock Exchange of the listing of, and permission to deal in, the New Shares in issue and to be issued or sold under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(xi) any person (other than the Underwriter) has withdrawn or sought to withdraw its consent to being named in any of the Prospectus Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or to the issue of any of such documents; or

(xii) the Company withdraws any of the Prospectus Documents and/or any other documents used in connection with the contemplated subscription of the Offer Shares; or

(xiii) any prohibition on the Company by any Governmental Authority for whatever reasons from offering, allotting or issuing the New Shares pursuant to the terms of the Share Offer;

the Underwriter shall be entitled by notice in writing to the Company, served prior to 8:00 a.m. (Hong Kong time) on the date of Completion, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if, prior to 8:00 a.m. (Hong Kong time) on the date of Completion:

(i) any material breach of any of the representations, warranties or undertakings comes to the knowledge of the Underwriter; or

(ii) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to 8:00 a.m. (Hong Kong time) on the date of Completion.

Upon the termination of the Underwriting Agreement:

(i) each of the parties hereto shall cease to have any rights or obligations under the Underwriting Agreement and any rights or obligations which may have accrued under the Underwriting Agreement prior to such termination; and

(ii) subject to the terms in the Underwriting Agreement, the Company shall pay to the Sponsor and the Underwriter the commissions, fees, costs and expenses set forth in the Underwriting Agreement the Sponsor and the Underwriter may in accordance with the provisions herein, instruct the nominee of the Company to make such (or any part of such) payments out of the interest accrued on the money received in respect of the Share Offer, if any; and

(iii) with respect to the Share Offer all payments made by the Underwriter and/or by the successful applicants under the Accepted Offer Applications shall be refunded to the relevant persons accordingly.

If the Underwriter exercises such right, the Underwriting Agreement will not become unconditional and the Share Offer will not proceed. Further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.

Undertakings by the Underwriter

Under the Underwriting Agreement, the Underwriter has undertaken in favour of the Company that (1) neither it nor the sub-underwriter(s) procured by it will subscribe for the Untaken Shares for its own account; (2) it will procure subscription by subscriber(s) who is/are not Shareholder at the time of subscription and will be an Independent Third Party(ies) after subscription; and (3) it will use its reasonable endeavour to procure that each of the ultimate subscribers or purchasers procured by it or the sub-underwriter(s) will not (together with each of the respective parties acting in concert or any of their respective connected persons or associates) hold in aggregate 5% or more of the voting rights of the Company immediately upon Completion.

Undertakings by the Company

Under the Underwriting Agreement, the Company has undertaken to each of the Sponsor, the Underwriter and the Stock Exchange that no further New Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) may be issued by the Company or from the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances as prescribed under Rule 17.29 of the GEM Listing Rules.

Non-disposal undertakings by the Controlling Shareholders

The Company has procured the Controlling Shareholders to sign an undertaking pursuant to which the Controlling Shareholders has undertaken to and covenanted with each of the Company, the Sponsor, the Underwriter and the Stock Exchange that, unless in compliance with the GEM Listing Rules, he/she/it shall not, and shall procure that his/her/its associates or the relevant registered holder(s), nominee(s) or trustee(s) holding on trust for him/her/it or the companies controlled by him/her/it shall not, without the prior written consent of the Underwriter:

(i) in the First Twelve-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the New Shares allotted and issued to him/her/it pursuant to the Acquisition Agreement and the Investor Loan Agreement; and

(ii) in the Second Twelve-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the New Shares or securities referred to in paragraph (i) above if, immediately following such disposal upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company;

and in the event that any of them enters into any transaction specified in paragraph (ii) during the Second Twelve-Month Period (whether or not such transaction will be completed in the aforesaid period), he/she/it will take all reasonable steps to ensure that any such transaction, agreement or, as the case may be, announcement will not create a disorderly or false market in the securities of the Company.

The undertakings shall continue in full force and effect notwithstanding the Share Offer becoming unconditional and having been completed.

Indemnities

The Company (the "**Warrantor**") has under the Underwriting Agreement undertaken to indemnify and keep the Sponsor, the Underwriter and each of their respective affiliates as well as each of their respective directors, officers, employees, agents and assignees of each of the Sponsor, the Underwriter and each of their affiliates (the "**Indemnified Parties**") at all times fully indemnified, against all actions, claims and proceedings from time to time against, and all losses, liabilities, damage, payments, costs (including, without limitation, legal costs) and expenses (including, without limitation, all payments, costs and expenses arising out of or in connection with the investigation, defence or settlement of any such actions, claims and proceedings or the enforcement of any such settlement or any judgment obtained in respect of any such actions, claims and proceedings) and taxation (collectively, "**Losses**" and individually a "**Loss**") which any Indemnified Party may suffer or incur or which may be made or threatened against any Indemnified Party and which are, directly or indirectly, arising out of or in connection with:

(i) the proper performance by the Underwriter or of its obligations under the Underwriting Agreement;

(ii) the issue, publication, distribution or making available of any of the Prospectus Documents pursuant to the Underwriting Agreement and/or such documents (including any amendment thereof or supplement thereto) and all other public notices, announcements and advertisements in connection with the Share Offer;

(iii) the offer, allotment and issue of the Offer Shares;

(iv) any breach or alleged breach on the part of the Warrantor of any of the provisions of the Underwriting Agreement and the Memorandum and Articles of Association;

(v) any of the warranties being untrue or misleading in any respect or having been breached in any respect or being alleged to be untrue or misleading in any respect or alleged to have been breached in any respect;

(vi) any breach or alleged breach by the Warrantor of the laws, rules or regulations of any country or territory resulting from the distribution of the Prospectus Documents and/or any offer, sale or distribution of the Offer Shares otherwise than in accordance with and on the terms of those documents and the Underwriting Agreement or at the instructions of the Sponsor or the Underwriter;

(vii) any of the Prospectus Documents containing any untrue or alleged untrue statement of a material fact, or omitting or alleged omitting a fact necessary to make any statement therein, in the light of the circumstances under which it was made, not misleading;

(viii) any statement, estimate, forecast or expression of opinion, intention or expectation contained in the Prospectus Documents or any amendment or supplement thereto being untrue, incomplete, inaccurate or misleading in any respect, or any omission to state therein a fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(ix) any of the Prospectus Documents failing or being alleged to fail to disclose sufficient information necessary to enable an informed assessment to be made of the assets and liabilities, financial position, profits and losses and prospects of the Group or of the rights attaching to the Offer Shares;

(x) any settlement by member of the Group of any investigation or proceeding by any governmental or regulatory authority, commenced or threatened; and

(xi) the Listing or the Share Offer failing or being alleged to fail to comply with the applicable requirements of the GEM Listing Rules or any statute or statutory regulation at any applicable jurisdiction, or any condition or terms of any approvals in connection with the Share Offer, other than as a result of breach(es) of undertakings hereof by the Underwriter

PROVIDED THAT the indemnity provided for herein shall not apply in respect of an Indemnified Party to the extent, but only to the extent, that any such action, claim or proceeding made against, or any such loss, liabilities or damage suffered or any such payment, cost and expense made or incurred by, such Indemnified Party is finally judicially determined to have been caused solely by the gross negligence, willful default or fraud on the part of such Indemnified Party. The non-application of the indemnity provided for herein in respect of any Indemnified Party shall not affect the application of such indemnity in respect of any other Indemnified Parties. Subject to the terms of the Underwriting Agreement, any settlement or compromise of any actions, claim or proceeding or loss, liabilities or damages by the Sponsor or any other Indemnified Party shall be made without prejudice to any claim, action or demand any other Indemnified Person may have or make against the Company hereunder or otherwise under the Underwriting Agreement.

Commission, fees and expenses

Pursuant to the Underwriting Agreement, the Company shall pay the Underwriter an underwriting commission of 4.5% of the aggregate Offer Price in respect of all of the Offer Shares, and the upfront payment ("**Upfront Payment**") of HK$1 million before the entering into the Underwriting Agreement. The Upfront Payment shall be set off against any amount payable by the Company to the Underwriter pursuant to the Underwriting Agreement on a dollar to dollar basis and the amount payable by the Company to the Underwriter pursuant to the Underwriting Agreement shall be reduced accordingly. Based on the Offer Price of HK$0.19 per Offer Share, the Underwriter shall be entitled to an underwriting commission of approximately HK$1.9 million.

If the Share Offer is not completed for any reason other than any willful omission or default on the part of the Underwriter, the underwriting commission shall be payable with three (3) Business Days after the date of occurrence of any of the following events:

(i) the condition precedent to the Underwriting Agreement are not satisfied or waived in whole by (a) 8:00 a.m. (Hong Kong time) on the date of Completion or (b) 31 December 2019 (whichever is the earlier), or such other time and/or date as the Company and the Underwriter may agree in writing; or

(ii) the Underwriting Agreement is terminated or rescinded by the Underwriter; or

(iii) the Underwriting Agreement is terminated by the Company for any reason other than any willful omission or default on the part of the Underwriter; or

(iv) the Stock Exchange has decided to cancel the listing of the Shares; or

(v) the Share Offer is not contemplated on or before 31 December 2019 (or such other date as the Company and the Underwriter may agree in writing).

The commission rate was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the listing status of the Company, the size of the Share Offer and the current and expected market condition. The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable so far as the Company and the Shareholders are concerned.

UNDERWRITER'S INTEREST IN THE COMPANY

The Underwriter will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission, fees and expenses" above in this section. Save as disclosed above, the Underwriter does not have any shareholding interests in any member of our Restructured Group nor has any right or option to subscribe for or nominate persons to subscribe for any securities in any member of the Restructured Group.

SPONSOR'S INDEPENDENCE

For the purpose of the new listing application, the Sponsor is considered as an independent sponsor pursuant to Rule 6A.07 of the GEM Listing Rules. The Sponsor will receive HK$5.8 million as its sponsor's fee.

As at the Latest Practicable Date,

(i) neither the Sponsor, nor any persons controlling, controlled by or under the same control as the Sponsor owned or controlled any securities, shares, options, warrants, derivatives or convertible securities of the Company;

(ii) neither the Sponsor, nor any persons controlling, controlled by or under the same control as the Sponsor had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (which arrangement includes any indemnity or option arrangement, or any agreement or understanding, formal or informal, by whatever nature, relating to shares or other securities in the Company which may be an inducement to deal or refrain from dealing) with any persons; and

(iii) there was no agreement, arrangement or understanding between the Sponsor or persons controlling, controlled by or under the same control as the Sponsor on the one part and any of the Directors or Shareholders on the other part, which was conditional on or dependent upon the outcome of, or otherwise in connection with the Capital Reorganisation, the Creditors Schemes, the Share Offer, the Acquisition, the Investor Loan Capitalisation, the Special Deal and the Whitewash Waiver.

MINIMUM PUBLIC FLOAT

The Company and the proposed Directors will ensure that a minimum of 25% of the total issued Shares will be held by the public after the completion of the Public Offer.

THE SHARE OFFER

227,679,850 Offer Shares (including 113,839,925 Reserved Shares under the Preferential Offering (subject to reallocation)) are being offered for subscription by members of the public in Hong Kong under the Share Offer, representing approximately 18.6% of the Enlarged Issued Share Capital upon Completion. The Share Offer is fully underwritten by the Underwriter (subject to satisfaction or waiver of conditions provided in the Underwriting Agreement). Applicants for the Offer Shares are required on application to pay the Offer Price of HK$0.19 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Multiple applications or suspected multiple applications and any application made under **WHITE** or **YELLOW** Application Form for more than 56,880,000 Offer Shares are liable to be rejected.

Allocation of the Public Offer Shares

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is oversubscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

For allocation purposes only, the total number of Public Offer Shares available under the Public Offer is to be divided equally (to the nearest board lot) into two pools for allocation purposes: pool A and pool B with any odd board lot allocated to pool A. The Public Offer Shares in pool A will be allocated on a pro rata basis to those applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less. The Public Offer Shares in pool B will be allocated on a pro rata basis to those applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that applications in pool A and in pool B may receive different allocation ratios. If any Public Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications for more than 56,880,000 Public Offer Shares are liable to be rejected.

Applicants for Public Offer Shares should note that in the event (i) of an over-subscription of Public Offer Shares, and/or (ii) that you apply for the maximum number of Public Offer Shares permitted under the Public Offer, allocation of the Public Offer Shares may not represent a multiple of a full board lot of 40,000 New Shares. There is no guarantee that your resultant aggregate holding of New Shares will form an integral multiple of 40,000 New Shares. Dealings in odd lots of New Shares may be at a price below their prevailing market price for full board lots.

Reallocation of the Offer Shares

The allocation of the Offer Shares between the Preferential Offering and the Public Offer is subject to reallocation on the following basis:

(1) Where the Reserved Shares are fully subscribed or over-subscribed, regardless of whether the Public Offer Shares are under-subscribed or fully subscribed or over-subscribed, no Public Offer Shares will be reallocated to the Preferential Offering.

(2) Where the Reserved Shares are under-subscribed:

(a) if the Public Offer Shares are under-subscribed or fully subscribed, there will be no reallocation and the under-subscribed Offer Shares will be subscribed by the independent subscriber(s) procured by the Underwriter or its sub-underwriter(s) in accordance with the terms and conditions of the Underwriting Agreement; and

(b) if the Public Offer Shares are over-subscribed, then the Available Reserved Shares after satisfying excess applications for the Reserved Shares will be reallocated to the Public Offer from the Preferential Offering. If there are still Available Reserved Shares after such reallocation, the Available Reserved Shares will then be subscribed the independent subscriber(s) procured by the Underwriter or its sub-underwriter(s).

THE PREFERENTIAL OFFERING

Basis of Assured Entitlement

In order to enable the Shareholders as at the Assured Entitlement Record Date to participate in the Preferential Offering as to allocation, Qualifying Shareholders are entitled to apply for an aggregate of 113,839,925 Reserved Shares under the Preferential Offering on the basis of Assured Entitlement of ten (10) Reserved Shares for every integral multiple of six (6) New Shares held by the Qualifying Shareholders on the Assured Entitlement Record Date. For clarification purpose, Qualifying Shareholders whose Shares held by them are not an integral multiple of six (6), any odd number of the Share held by them will not be entitled to the Assured Entitlement. Application for all or any part of a Qualifying Shareholder's Assured Entitlement should be made by completing the **BLUE** Application Form and lodging the same with a remittance for the Reserved Shares being applied for.

Qualifying Shareholders should note that Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 40,000 New Shares. Further, there is no fractional entitlement to the Reserved Shares; the Reserved Shares allocated to a Qualifying Shareholder will be rounded down to the nearest whole number if required. Qualifying Shareholders should note that dealings in odd lots of the New Shares may be at a price below the prevailing market price for full board lots.

Qualifying Shareholders who hold less than six (6) New Shares on the Assured Entitlement Record Date will not have an Assured Entitlement to Reserved Shares under the Preferential Offering but are entitled to participate in the Preferential Offering by applying for excess Reserved Shares only, and such application will only be satisfied to the extent there are sufficient Available Reserved Shares as described below.

Basis of allocation for applications for Reserved Shares

Qualifying Shareholders may apply on a **BLUE** Application Form for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement under the Preferential Offering or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Form and assuming the conditions of the Share Offer are satisfied and the Share Offer is not terminated.

Where a Qualifying Shareholder applies for a number of Reserved Shares which is greater than his/her/its Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full, subject to the aforementioned terms and conditions and set forth on the **BLUE** Application Form, while the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Shares as described below resulting from other Qualifying Shareholders declining to take up some or all of their Assured Entitlement by way of allocation by the Underwriter on a fair and pro rata basis by reference to the number of excess Reserved Shares applied for by all such Qualifying Shareholders as described below.

Basis of allocations for excess Reserved Shares

Where a Qualifying Shareholder applies for excess Reserved Shares under the Preferential Offering, such application will only be satisfied to the extent that there are Available Reserved Shares as described below.

To the extent that the excess applications for the Reserved Shares are:

(a) less than the Available Reserved Shares, such Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated to the Public Offer;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and pro rata basis by reference to the number of excess Reserved Shares applied for by all such Qualifying Shareholders.

No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of New Shares.

Qualifying Shareholders whose New Shares are held by a nominee company (or which are held in CCASS) should note that the Company will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, such Shareholders whose New Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to the relevant beneficial owner individually. Any Qualifying Shareholders whose New Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder for the registration of their relevant Shares under the names of the beneficial owners prior to the Assured Entitlement Record Date for the purpose of the Preferential Offering. The Company will allocate the Reserved Shares under the Preferential Offering to the Qualifying Shareholders in accordance with the allocation basis mentioned above. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

In the event that the Board notes unusual patterns of excess Reserved Shares allocations and has reason to believe that any application may have been made with the intention to abuse the above mechanism, such application(s) for excess Reserved Shares may be rejected at the sole discretion of the Board.

No transfer of nil-paid entitlements

Assured Entitlements of Qualifying Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange. Reserved Shares not taken up by the Qualifying Shareholders may be reallocated to the Public Offer.

Qualifying Shareholders

The Preferential Offering is only available to the Qualifying Shareholders. The Company will send this prospectus and the **BLUE** Application Form to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of this prospectus to them for their information only, but no **BLUE** Application Form will be sent to the Non-Qualifying Shareholders. To qualify for the Preferential Offering, a Shareholder must, as of 4:30 p.m. on the Assured Entitlement Record Date: (i) be registered as a member of the Company on the register of members of the Company; and (ii) not be a Non-Qualifying Shareholder.

The directors of the Target Group and their associates will not participate in the Public Offer and since they are not a Shareholder, they will not be entitled to the Preferential Offering.

Overseas Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at the Assured Entitlement Record Date, there were three Shareholders having a registered address situated in Singapore, the PRC and Macau, holding 69 New Shares, 92 New Shares and 9,600 New Shares respectively, representing in aggregate of approximately 0.014% of the issued share capital of the Company as at the Assured Entitlement Record Date.

In compliance with all necessary requirements of Rule 17.41(1) of the GEM Listing Rules, the Board has made enquiries with the legal advisers as to the laws of PRC, Macau and Singapore regarding the feasibility of extending the Preferential Offering to the Overseas Shareholder under the relevant laws and regulations and the requirements of the relevant regulatory body or stock exchange in the PRC, Macau and Singapore respectively.

Based on the advice provided by the legal advisers as to the laws of Singapore, the PRC and Macau, as at the Assured Entitlement Record Date, the Directors are of the view that it is expedient to extend the Preferential Offering to all the Overseas Shareholders in the PRC and Macau other than Singapore as there are no legal restrictions prohibiting the making of Preferential Offering in the jurisdictions of the PRC and Macau and no local legal or regulatory compliance is required to be made in the jurisdictions of the PRC and Macau. Accordingly, all Overseas Shareholders in the PRC and Macau together with the Shareholders with registered addresses in Hong Kong are the Qualifying Shareholders and the Overseas Shareholder in Singapore will be regarded as Non-Qualifying Shareholder.

Accordingly, the Preferential Offering will not be extended to the Non-Qualifying Shareholder(s). The Company will send copies of the prospectus but not the **BLUE** Application Form, to the Non-Qualifying Shareholder(s) for their information only.

Save as described above, no action has been taken to permit the Preferential Offering, or the distribution of this prospectus and/or the **BLUE** Application Form, in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving a copy of this prospectus and/or the **BLUE** Application Form in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Reserved Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Persons into whose possession this prospectus and/or the **BLUE** Application Form(s) come (including without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities law of any such jurisdiction. Receipt of this prospectus and/or the **BLUE** Application Form(s) does not and will not constitute an offer in those jurisdiction in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the **BLUE** Application Form(s) must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of the Qualifying Shareholders outside Hong Kong wishing to make an application for the Offer Shares to satisfy himself/herself/itself before acquiring any rights to subscribe for the Reserved Shares as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connected therewith. Any application for the Reserved Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Reserved Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees will give, or be subject to, any of the above representation and warranty.

Application procedure

A **BLUE** Application Form is being despatched to each Qualifying Shareholder with an Assured Entitlement together with a copy of this prospectus. Qualifying Shareholders are permitted to apply for a number of Reserved Shares which is greater than, less than or equal to, their Assured Entitlement under the Preferential Offering.

If an application is made for a number of Reserved Shares greater than or less than the Assured Entitlement of a Qualifying Shareholder, the applicant should apply for a number in one of the multiples stated in the table of multiples and payments of the **BLUE** Application Form which also states the amount of remittance payable on application for each multiple of Reserved Shares. Otherwise, the applicant must calculate the correct amount of remittance payable by using the special formula set out in the **BLUE** Application Form. If such applicant applies for such number of Reserved Shares equal to his/her/its Assured Entitlement, the amount of remittance payable on application for the number of Reserved Shares applied for is set out in Box B of the **BLUE** Application Form. Any application not accompanied by the correct amount of application monies may be treated as invalid.

The procedures for application under, and the terms and conditions of, the Preferential Offering are set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" of this prospectus and on the **BLUE** Application Form.

PRICE PAYABLE ON APPLICATION

The Offer Price is HK$0.19 per Offer Share. Applicants are required to pay, on application, Offer Price of HK$0.19 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK$7,676.59 for each board lot of 40,000 Offer Shares. Further details are set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" in this prospectus.

STATUS OF THE OFFER SHARES

The Offer Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the then existing New Shares in issue on the date of allotment and issue of the Offer Shares. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared after the date of allotment and issue of the Offer Shares.

CONDITIONS OF THE SHARE OFFER

The obligations of the Underwriter under the Underwriting Agreement are conditional upon the following conditions being fulfilled:

(i) the conditions precedent to the Acquisition having been fulfilled (save for the condition for the Share Offer to become unconditional);

(ii) the delivery to the Stock Exchange for authorisation, and the registration with the Registrar of Companies in Hong Kong, respectively, not later than the dispatch date of the this prospectus, of one copy of the Prospectus Documents, duly signed by two directors of the Company (or their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached to it) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(iii) the posting of the Prospectus Documents and, if required by or in compliance with the GEM Listing Rules, a copy of the this prospectus stamped "For Information Only" to the Non-Qualifying Shareholders on the despatch date of this prospectus;

(iv) the approval of the Share Offer, the Underwriting Agreement and the transactions contemplated thereunder by the Independent Shareholders (other than those prohibited from voting on the resolutions at the EGM by the GEM Listing Rules and/or the Takeovers Code) at the EGM;

(v) the grant or the agreement to grant (subject to allotment) by the GEM Listing Committee, and not having withdrawn or revoked such grant, of the listing of and permission to deal in all the Offer Shares, either unconditionally or subject to such conditions as are accepted by the Company and the Underwriter;

(vi) the Stock Exchange having conditionally or unconditionally approved or decided to allow the Company to proceed with the resumption of the trading in the New Shares on the Stock Exchange and all the conditions attached to such approval or decision (if any) having been fulfilled (other than those conditions relating to or in connection with the restoration of public float) or waived by the Stock Exchange;

(vii) all other necessary waivers, consents and approval including but not limited to those from the Stock Exchange, the SFC and any other relevant government or regulatory authorities, which are required (if any) for the implementation of the Resumption Proposal and all transactions contemplated thereunder having been obtained;

(viii) the Capital Reorganisation having taken effect;

(ix) the compliance with and performance by the Company of all the undertakings and obligations under the terms of the Underwriting Agreement;

(x) the execution of the CB Undertakings, the compliance with and performance of all the undertakings and obligations of the CB Holders and/or the transferee(s) under the CB Undertakings and/or similar undertakings provided by the transferee(s);

(xi) the Underwriter and the legal advisers to the Sponsor receiving from the Company or the legal advisers to the Company the prescribed documents listed in the schedule of the Underwriting Agreement in form and substance satisfactory to the Underwriter and the Sponsor not later than 7:00 p.m. on the Business Day immediately preceding the despatch date of this prospectus and the prescribed documents listed in the schedule of the Underwriting Agreement not later than 7:00 p.m. on the Business Day immediately preceding the date of Completion;

(xii) all warranties and other statements of the Company in any documents delivered pursuant to the Underwriting Agreement being true, correct and not misleading in all material respect in the opinion of the Underwriter (acting reasonably) at and as of (a) the date of registration of this prospectus by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance; (b) the date of this prospectus; (c) at the time of the closing of the application lists of the Public Offer; (d) the date on which all the conditions precedents to the Underwriting Agreement are fulfilled or waived in accordance therewith; (e) immediately before 8:00 a.m. (Hong Kong time) on the date of Completion; and (f) on the Listing Date;

(xiii) the issue by the Stock Exchange of a certificate of authorisation of registration in respect of this prospectus and the registration by the Registrar of Companies in Hong Kong of one copy of each of this prospectus and the Application Forms (duly certified by two Directors (or by their attorneys duly authorised in writing)) and having attached thereto all necessary consents and documents required by section 342C (subject to any certificate of exemption granted pursuant to section 342A) of the Companies (Miscellaneous Provisions) Ordinance not later than 5:00 p.m. on the Business Day before the dispatch date of this prospectus;

(xiv) Admission having occurred and becoming effective (either unconditionally or subject only to allotment and issue of the Offer Shares, dispatch or availability for collection of share certificates in respect of the Offer Shares and/or such other conditions as may be acceptable to the Underwriter on or before the Listing Date (or such later date as the Underwriter may agree with the Company in writing)) and the Admission not subsequently having been withdrawn, revoked, withheld or subject to qualifications prior to 8:00 a.m. on the date of Completion;

(xv) the Company having complied with the Underwriting Agreement and satisfied all the obligations and conditions on its part under the Underwriting Agreement to be performed or satisfied on or prior to the respective times and dates by which such obligations must be performed or conditions met;

(xvi) the Underwriter not having terminated the Underwriting Agreement pursuant to the Underwriting Agreement;

(xvii) there are not less than 100 Accepted Offer Applications in respect of the Public Offer from the New Public Shareholders;

(xviii) not less than 50% of the number of the Public Offer Shares (for the avoidance of doubt, excluding such number of the Reserved Shares as may be automatically and mandatorily allocated and/or reallocated to the Public Offer) will be allotted and issued to the New Public Shareholders or his/her/its nominee(s) upon Completion; and

(xix) the number of the Offer Shares to be allotted and issued to the three largest New Public Shareholders upon Completion will not exceed 50% of the number of the Public Offer Shares (for the avoidance of doubt, excluding such number of the Reserved Shares as may be automatically and mandatorily allocated and/or reallocated to the Public Offer).

The Underwriter is entitled to waive or modify the Conditions set out in (ix), (xi), (xii) and (xv). For the avoidance of doubt, all other conditions are not waivable. Upon compliance with or fulfilment (or waiver, if applicable) of all the conditions set out in the Underwriting Agreement, completion of the transactions contemplated under the Underwriting Agreement shall take place simultaneously with Completion.

As at the Latest Practicable Date, conditions (iv) and (viii) have been fulfilled.

PUBLICATION OF RESULTS

The Company expects to announce the level of applications in the Public Offer and the Preferential Offering on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.unionasiahk.com** on Wednesday, 13 November 2019.

UNDERWRITING

The Share Offer is fully underwritten by the Underwriter under and subject to the terms and conditions of the Underwriting Agreement. Details of the Underwriting Agreement are summarised in the section headed "Underwriting" in this prospectus.

APPLICATION FOR LISTING

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares under the new listing application. Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares, which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty or any other applicable fees and charges in Hong Kong.

Subject to the fulfillment of the conditions of the Share Offer as set out under the sub-section headed "Conditions of the Share Offer" above, it is expected that share certificates for all fully-paid Offer Shares shall be issued on Wednesday, 13 November 2019.

Resumption and dealings in the New Shares in issue and dealings in the Offer Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Thursday, 14 November 2019. The New Shares will be traded in board lots of 40,000 New Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of and permission to deal in the New Shares in issue and to be issued as mentioned in this prospectus on the Stock Exchange and the Company complies with the stock admission requirements of HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the New Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All necessary arrangements have been made for the New Shares to be admitted into CCASS.

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

In respect of the dealings in the New Shares which may be settled through CCASS, investors should seek the advice of their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

1. HOW TO APPLY

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

To apply for Reserved Shares, you may use a **BLUE** Application Form.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sponsor, the Underwriter, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for the Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the US Securities Act of 1933, as amended); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Underwriter may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares, if you:

- are a director of the Target Group or director or chief executive of the Company and/or any of its subsidiaries;
- are a core connected person (as defined in the GEM Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Share Offer;
- are a close associate (as defined in the GEM Listing Rules) of any of the above; or
- are a Qualifying Shareholder.

3. APPLYING FOR OFFER SHARES

Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Application under **WHITE** or **YELLOW** Application Form must be in one of the numbers set out in the table in such Application Form, or your application will be rejected.

If you are a Qualifying Shareholder applying for the Reserved Shares under the Preferential Offering, use a **BLUE** Application Form, under which you may apply for a number of Reserved Shares for less than, equal to or more than your Assured Entitlement and up to a maximum of 113,839,925 Reserved Shares (except HKSCC Nominees). However, if your application is for a number of Reserved Shares less than or more than your Assured Entitlement, your application should be in one of the numbers set out in the table in the **BLUE** Application Form. Otherwise, you must calculate the correct amount of remittance payable by using the special formula set out in the **BLUE** Application Form, or your application may be rejected.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during the normal business hours from 9:00 a.m. on Monday, 4 November 2019 until 12:00 noon on Thursday, 7 November 2019 at:

1. The office of the Underwriter:

   Kingston Securities Limited
   72/F, The Center,
   99 Queen's Road Central,
   Central, Hong Kong

2. Any one of the following branches of **Industrial and Commercial Bank of China (Asia) Limited**:

District	Branch	Address
Hong Kong Island	Fortress Hill Branch	Shop A-C, G/F, Kwong Chiu Terrace, 272-276 King's Road, Hong Kong
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui, Kowloon
New Territories	Shatin Branch	Shop 22J, Level 3, Shatin Centre, New Territories

You can collect a **YELLOW** Application Form and a prospectus during the normal business hours from 9:00 a.m. on Monday, 4 November 2019 until 12:00 noon on Thursday, 7 November 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

BLUE Application Forms have been despatched to all Qualifying Shareholders. In addition, a copy of this prospectus has been posted to the Qualifying Shareholders at their address recorded on the register of members of the Company on the Assured Entitlement Record Date.

Qualifying Shareholders may also obtain a printed copy of this prospectus, free of charge, during normal business hours from 9:00 a.m. on Monday, 4 November 2019 until 12:00 noon on Thursday, 7 November 2019 from any of the designated branches of the receiving bank and at the office of the Underwriter as stated above.

Qualifying Shareholders who require a replacement **BLUE** Application Form should contact Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong or on its hotline (852) 2849 3399.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to **"ICBC (ASIA) NOMINEE LIMITED – UNION ASIA ENTERPRISE HOLDINGS LIMITED PUBLIC OFFER"** for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Monday, 4 November 2019	–	9:00 a.m. to 5:00 p.m.
Tuesday, 5 November 2019	–	9:00 a.m. to 5:00 p.m.
Wednesday, 6 November 2019	–	9:00 a.m. to 5:00 p.m.
Thursday, 7 November 2019	–	9:00 a.m. to 12:00 noon

Your completed **BLUE** Application Form, together with a cheque or a banker's cashier order for application under Assured Entitlement and/or excess application attached and marked payable to **"ICBC (ASIA) NOMINEE LIMITED – UNION ASIA ENTERPRISE HOLDINGS LIMITED PREFERENTIAL OFFERING"** for the payment must be deposited in the special collection box provided at Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong at the following times:

Monday, 4 November 2019	–	9:00 a.m. to 5:00 p.m.
Tuesday, 5 November 2019	–	9:00 a.m. to 5:00 p.m.
Wednesday, 6 November 2019	–	9:00 a.m. to 5:00 p.m.
Thursday, 7 November 2019	–	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 7 November 2019, the last application day or such later time as described in the sub-section headed "9. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (or if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Underwriter (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Memorandum and Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of the Company, the Underwriter, the Sponsor, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application under the Public Offer are not a Qualifying Shareholder;

(viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank, the Sponsor, the Underwriter and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sponsor and the Underwriter nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Underwriter will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW and BLUE Application Forms

You may refer to the **YELLOW** Application Form and the **BLUE** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F., One & Two Exchange Square 8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sponsor, the Underwriter and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus; and

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you are not a Qualifying Shareholder;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as its agent;

- confirm that you understand that the Company, the Directors, the Sponsor, the Underwriter will rely on your declarations and representations in deciding whether or not to allocate any of the Public Offer Shares to you and that you may be prosecuted for if you make a false declaration;

- authorise the Company to place HKSCC Nominees' name on the register of members of the Company as the holder of the Public Offer Shares allocated to you and such other registers as required under the Articles, and dispatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;

- agree that none of the Company, the Sponsor, the Underwriter, any of their or the Company's respective directors, officers or representatives or any other person involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

- agree to disclose to the Company, our Hong Kong Share Registrar, the receiving bank, the Sponsor, the Underwriter, any of their or the Company's respective directors, officers or representatives or any other person involved in the Share Offer any personal data which they may require about you;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for the Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for the Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Articles and the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 40,000 Offer Shares. Instructions for more than 40,000 Public Offer Shares must be in one of the numbers set out in the table in the **WHITE** and **YELLOW** Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 4 November 2019	–	9:00 a.m. to 8:30 p.m.
Tuesday, 5 November 2019	–	8:00 a.m. to 8:30 p.m.
Wednesday, 6 November 2019	–	8:00 a.m. to 8:30 p.m.
Thursday, 7 November 2019	–	8:00 a.m. to 12:00 noon

Note: These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 4 November 2019 until 12:00 noon on Thursday, 7 November 2019 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 7 November 2019, the last day for applications, or such later time as described in the paragraph headed "9. Effect of Bad Weather on the Opening of the Application Lists" below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, our Hong Kong Share Registrar, the receiving bank, the Sponsor, the Underwriter, any of their or the Company's respective directors, officers or representatives or any other person involved in the Share Offer about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Sponsor and the Underwriter take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. If **CCASS Investor Participant**s have problems in the connection to the CCASS Phone System or the CCASS Internet System for submission of their **electronic application instructions**, they should either (a) submit a **WHITE** or **YELLOW** Application Form or (b) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Thursday, 7 November 2019, the last day for applications, or such later time as described in the paragraph headed "9. Effect of Bad Weather on the Opening of the Application Lists" below.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees.

If you are a nominee, in the box on the **WHITE** or **YELLOW** Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying Shareholder, you are only entitled to apply for the Reserved Shares and not entitled to apply for the Public Offer Shares and you must make an application for the Reserved Shares by using the **BLUE** Application Form only. Only one application for the Reserved Shares is permitted per Qualifying Shareholder under the Preferential Offering. Multiple applications under **BLUE** Application Form by any Qualifying Shareholder are liable to be rejected.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the number of Public Offer Shares that may be applied for. The **BLUE** Application Form also has a box showing the number of Reserved Shares in the Assured Entitlement of the Qualifying Shareholder and the amount payable if the Assured Entitlement is taken up in full, a table showing the exact amount payable for the number of Reserved Shares applied for which is a multiple of full board lot of New Shares as well as a special formula for calculating the exact amount payable if the application is not in one of the numbers set out in the table.

You must pay the Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Offer Shares under the terms set out in the Application Forms.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and conditions of the Public Offer and the Preferential Offering" in this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above;
- or a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 7 November 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 7 November 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

The Company expects to announce the level of applications in the Public Offer and the Preferential Offering and the basis of allocation of the Public Offer Shares and the Reserved Shares on Wednesday, 13 November 2019 on the Company's website at **www.unionasiahk.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Share Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.unionasiahk.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, 13 November 2019;

- from the designated results of allocations website at **www.unioniporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 13 November 2019 to 12:00 midnight on Tuesday, 19 November 2019;

- by telephone enquiry line by calling (852) 2843 6081 between 9:00 a.m. and 6:00 p.m. from Wednesday, 13 November 2019 to Monday, 18 November 2019 on a Business Day;

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 13 November 2019 to Friday, 15 November 2019 at all the receiving bank's designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Public Offer and the Preferential Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES AND/OR RESERVED SHARES

You should note the following situations in which the Public Offer Shares and/or Reserved Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Underwriter, and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Offer Shares is void:

The allotment of Offer Shares will be void if the Stock Exchange does not grant permission to list the New Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications under **WHITE** and/or **YELLOW** Application Forms, and/or where you are a Qualifying Shareholder, you make multiple applications or suspected multiple applications under **BLUE** Application Forms;
- you or the person for whose benefit you are applying for the Public Offer Shares are a Qualifying Shareholder;

- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreement does not become unconditional or is terminated;
- the Company or the Underwriter believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 56,880,000 Public Offer Shares (for Public Offer) or 113,839,925 Reserved Shares (for Preferential Offering, except for HKSCC Nominees).

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the conditions of the Share Offer set out in the section headed "Structure and conditions of the Public Offer and the Preferential Offering – Conditions of the Share Offer" in this prospectus are not fulfilled or if the Share Offer is otherwise terminated or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest, or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, 13 November 2019 or such other date as the Company may announce.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below) and one share certificate for all Reserved Shares allocated to you under the Preferential Offering.

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **BLUE** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares or Reserved Shares allotted to you (for applications made on **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for all or the surplus application monies for the Offer Shares, wholly or partially unsuccessfully applied for.

Part of the applicant's Hong Kong identity card number/passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, 13 November 2019 or such other date as the Company may announce. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 14 November 2019 provided that the Share Offer has become unconditional and has not otherwise been terminated. Investors who trade New Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE or BLUE Application Form

If you apply for 1,000,000 or more Public Offer Shares or 1,000,000 or more Reserved Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, between 9:00 a.m. to 1:00 p.m. on Wednesday, 13 November 2019 or such other date as notified by us on the websites of the Company at **www.unionasiahk.com** and the Stock Exchange at **www.hkexnews.hk**.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, evidence of identity and (where applicable) authorisation documents acceptable to our Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares or less than 1,000,000 Reserved Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, 13 November 2019 or such other date as the Company may announce, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, 13 November 2019 or such other date as the Company may announce, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 13 November 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

  For Public Offer Shares credited to your designated CCASS Participant's stock account (other than **CCASS Investor Participant**), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

- *If you apply as a CCASS Investor Participant*

  The Company will publish the results of **CCASS Investor Participant**s' applications together with the results of the Public Offer in the manner described in the paragraph headed "10. Publication of results" in this section. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 13 November 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply by giving electronic application instructions to HKSCC via CCASS:

- *Allocation of Public Offer Shares*

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

- *Deposit of Share Certificates into CCASS and Refund of Application Monies*

If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your **CCASS Investor Participant** stock account on Wednesday, 13 November 2019 or on any other date determined by HKSCC or HKSCC Nominees.

The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Public Offer Shares in the manner as described in the paragraph headed "10. Publication of results" in this section on Wednesday, 13 November 2019. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 13 November 2019 or such other date as determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 13 November 2019. Immediately following the credit of the Public Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 13 November 2019.

14. ADMISSION OF THE NEW SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Offer Shares and we comply with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Offer Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the New Shares to be admitted into CCASS.

So far as the Directors are aware, as at the Latest Practicable Date, the following persons (not being Directors and chief executive of the Company) had an interest (or long position) or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of the Company:

Name of interested party	Capacity/Nature of interest	Number of Shares interested *(Note 1)*	Approximate % of the Company's issued share capital
Yeung Wing Yee *(Note 2)*	Beneficial owner	16,935,200 (L)	24.8%
The Underwriter *(Note 3)*	underwriter	227,679,850 (L)	18.6%

Notes:

1. The letter "L" denotes long position of the Shares.

2. Yeung Wing Yee is interested in 16,935,200 New Shares in the capital of the Company as at the Latest Practicable Date. The percentage figure is calculated based on a total of 68,303,955 New Shares in issue as at the Latest Practicable Date.

3. The Underwriter is interested 227,679,850 New Shares pursuant to the Underwriting Agreement. The percentage figure is calculated based on a total of 1,221,052,631 New Shares in issue after the Capital Reorganisation becoming effective and is for illustration purpose.

   In order to ensure minimum public float of the Restructured Group, the Share Offer is subject to the conditions, that among others, (i) there are not less than 100 Accepted Offer Applications by the New Public Shareholders; (ii) not less than 50% of the number of the Public Offer Shares (for the avoidance at doubt, excluding such number of the Reserved Shares as may be automatically and mandatorily allocated and/or reallocated to the Public Offer) are allotted and issued to the New Public Shareholders upon Completion; and (iii) the three largest New Public Shareholders upon Completion will not hold more than 50% of the number of the Public Offer Shares (for the avoidance at doubt, excluding such number of the Reserved Shares as may be automatically and mandatorily allocated and/or reallocated to the Public Offer). Further, the Underwriter undertakes that neither it nor the sub-underwriter(s) will subscribe the Untaken Shares for its own account; and it will use its reasonable endeavor to procure that each of sub-underwriter(s) or the ultimate subscriber(s) procured by the Underwriter or the sub-underwriter(s) is not a Shareholder at the time of subscription and will be an Independent Third Party after subscription.

So far as the Directors are aware, immediately upon completion of the Restructuring, the following persons will have interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of the issued voting shares of the Company:

Name of interested party	Capacity/Nature of interest	Number of Shares interested *(Note 1)*	Approximate % of the Company's issued share capital
The Investor	Beneficial owner *(Note 2)*	854,736,842 (L)	70.0%
Mr. Norman Chan	Interest of controlled corporation *(Note 2)*	854,736,842 (L)	70.0%
Ms. Susanna Kwok	Interest of spouse *(Note 3)*	854,736,842 (L)	70.0%

Notes:

1. The letter "L" denotes long position of the Shares.

2. The Investor is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok. Under the SFO, Mr. Norman Chan is deemed to be interested in the Shares held by the Investor. Mr. Norman Chan will be a Controlling Shareholder and an executive Director upon Completion. The percentage figure is calculated based on a total of 1,221,052,631 New Shares in issue after the Capital Reorganisation becoming effective and Completion and assuming the maximum number of the Capitalisation Shares of 94,736,842 New Shares are allotted and issued to the Investor pursuant to the Investor Loan Capitalisation.

3. Ms. Susanna Kwok is the spouse of Mr. Norman Chan. Ms. Susanna Kwok is deemed to be interested in all the Shares in which Mr. Norman Chan is interested in for the purpose of the SFO.

Save as disclosed above, the Directors of the Company are not aware, as at the Latest Practicable Date, of any other persons who will have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Restructured Group.

The information that appears in this section has been prepared by Frost & Sullivan, an independent global consulting firm and reflects estimates of market conditions in which the Target Group operates. The Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by the Company, the Target Group, the Sponsor or any other party involved in the Acquisition and the new listing application of the Company, except Frost & Sullivan, and neither they give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

SOURCES OF INFORMATION

The Group commissioned Frost & Sullivan, an independent global consulting firm, to provide an analysis on the interior design industry in Hong Kong at a fee of HK$810,000. The Directors consider that the payment of the commission fee does not affect the fairness of conclusion drawn in the Frost & Sullivan Report and are satisfied that the disclosure of future projection and industry data included in this section is reliable and not misleading. The Directors, after taking reasonable care, are of the view that there has been no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

Frost & Sullivan is an independent global consulting firm founded in 1961. It offers industry research, market strategies and provides growth consulting and corporate training. The Frost & Sullivan Report includes information on Hong Kong's macro economy, Hong Kong's interior design services market, and competitive landscape of it.

Frost & Sullivan's methodologies involved:

– detailed primary research which involved discussing the status of the industry with leading industry participants and industry experts;

– secondary research which involved reviewing company reports, independent research reports and data based on its own research database; and

– obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered certain industry key drivers.

The bases and assumptions for the projections in the Frost & Sullivan Report include the following: (i) Hong Kong's economy is likely to maintain steady growth in the next decade; (ii) Hong Kong's social, economic, and political environment is likely to remain stable in the forecast period; and (iii) market drivers like rising residential supply, influx of Chinese corporations and rise of smart home will drive the interior design services market in Hong Kong.

Aside from local interior design companies, overseas interior designers, architecture companies, fit out companies and property developers are capable of offering interior design services. Due to the complexity of the industry dynamics in Hong Kong and the business model of the Target Company, the market size and analysis are based solely on the activities from interior design companies in Hong Kong, i.e. revenues of overseas interior designers, architecture companies, fit out companies and even property developers are not included.

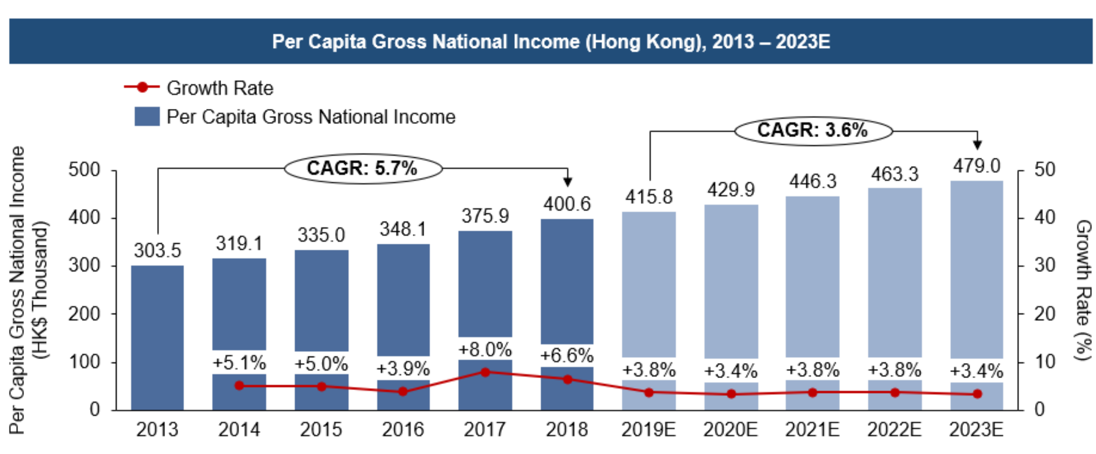
Due to the lack of useful information to determine the revenues of the top five interior design companies in Hong Kong, the ranking and shares are not provided in the industry report.

MACROECONOMIC ENVIRONMENT IN HONG KONG

Hong Kong's macroeconomic conditions followed an upward trend in the past several years. According to the International Monetary Fund ("**IMF**") the nominal GDP in Hong Kong grew steadily from approximately HK$2,138.3 billion in 2013 to HK$2,845.3 billion in 2018, representing a CAGR of 5.9%. According to the IMF, the nominal GDP in Hong Kong is expected to reach approximately HK$3,652.1 billion in 2023, representing a CAGR of 5.1% from 2019 to 2023.

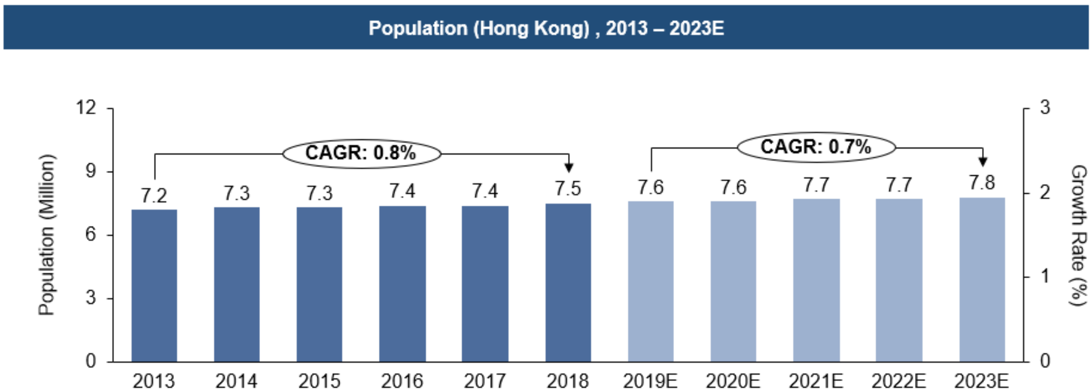
Per capita gross national income in Hong Kong has shown continuous growth from 2013 to 2018, reaching approximately HK$400.6 thousand in 2018 from HK$303.5 thousand in 2013. Since a large portion of income earned by Hong Kong residents is spent on housing, the property market in Hong Kong is sustaining its moderate developments. The increasing income level, coupled with the heightening living standard in Hong Kong have resulted in higher requirement and demand for quality interior design for new properties.

Per Capital Gross National Income



Source: Census and Statistics Department of Hong Kong; Frost & Sullivan

Population growth

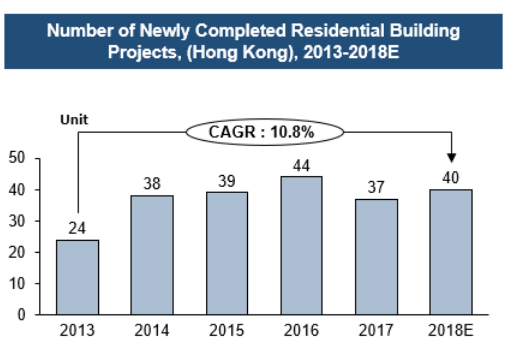


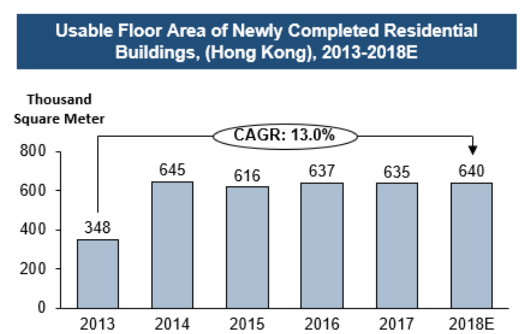
Source: International Monetary Fund ("IMF"), Frost & Sullivan

The population in Hong Kong grew steadily at a CAGR of 0.8% from 7.2 million in 2013 to 7.5 million in 2018. In the next five years, population growth is expected to be moderate which will continue to drive the demand for residential spaces and the growth in newly established housing will continue to benefit the interior design industry.

Real Estate Market of Hong Kong

Development in residential property market



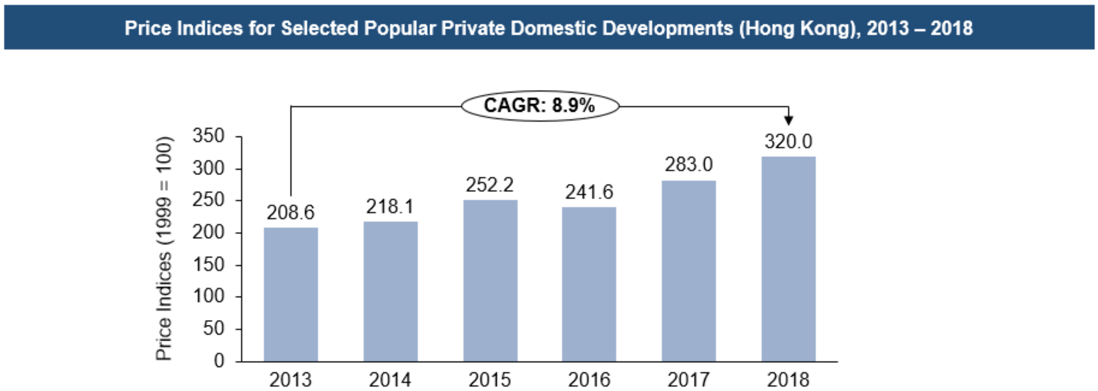


Source: Census and Statistics Department of Hong Kong; Frost & Sullivan

As a result of the increasing demand for residential spaces, the number of newly completed residential building projects recorded an increase from 2013 to 2018, at a CAGR of 10.8%. The usable floor area of newly completed residential buildings also reached 640 thousand square meters in 2018, demonstrating a CAGR of 13.0% from 2013 to 2018. The residential property market in Hong Kong is experiencing a healthy development, which would benefit the interior design industry which plays an important role in the property development process.

The average household size dropped steadily from 2.82 person in 2013 to 2.73 person in 2018. In contrast, average living space per person recorded an increase from 13.0 square metres in 2013 to 13.3 square metres in 2018. The drop in average household size offsets the slight increase in average living space per person and continue to drive the trends in development of small-sized residential flats in Hong Kong.

Value of private domestic properties



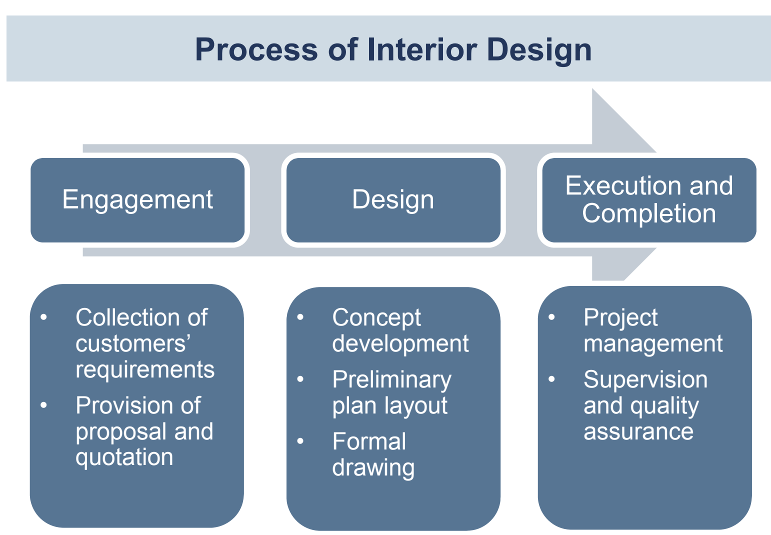
Source: Census and Statistics Department of Hong Kong; Frost & Sullivan

The limited supply of land and spaces continued propel Hong Kong's housing market. As one of the most active property markets worldwide, Hong Kong's limited supply of private domestic properties and strong demand from foreign investors have driven up private domestic property prices in Hong Kong. It is expected that the value of interior design services as a percentage of total property value will increase accordingly for newly established private domestic properties.

INTERIOR DESIGN SERVICES MARKET IN HONG KONG

Overview

Interior design is the process of planning the experience of interior space, through the manipulation of spatial volume and surface treatment, as well as the advice on the furnishing and functional space through the use of fixture, furniture and accessories. The typical process of interior design is as below:



The competition of interior design services market in Hong Kong is keen as the market is highly fragmented with many players of both local and international names. Property developers choose interior designers based mainly on price, style, reputation and creativity.

In the corporate sector of interior design industry, property developers will invite renowned interior design firms to submit proposals for the development of interior space of show flats, sales offices and property development projects.

Designs and service offerings have become more varied and sophisticated over the recent years. Due to the low entry barriers, a myriad of companies, varying in size and type of services, are competing to provide interior design services to property developers and corporates.

Segments

1. Residential projects

Residential projects refer to the decoration design and renovation of residential buildings units. Feasibility, creativity and innovation are used in optimising the entire environment, ceiling designs, flooring, window and door installation, lighting, appliances, etc. This category includes the bulk design request from property developers and specific design request for individual residential units.

2. Show flats, clubhouses and other facilities

The interior design of ancillary facilities in residential projects is a more niche segment in the interior design space, projects are basically undertaken by renowned interior designers who have recurring collaborations with leading property developers over the years to design show flats, sales offices, clubhouses and lobbies for property projects.

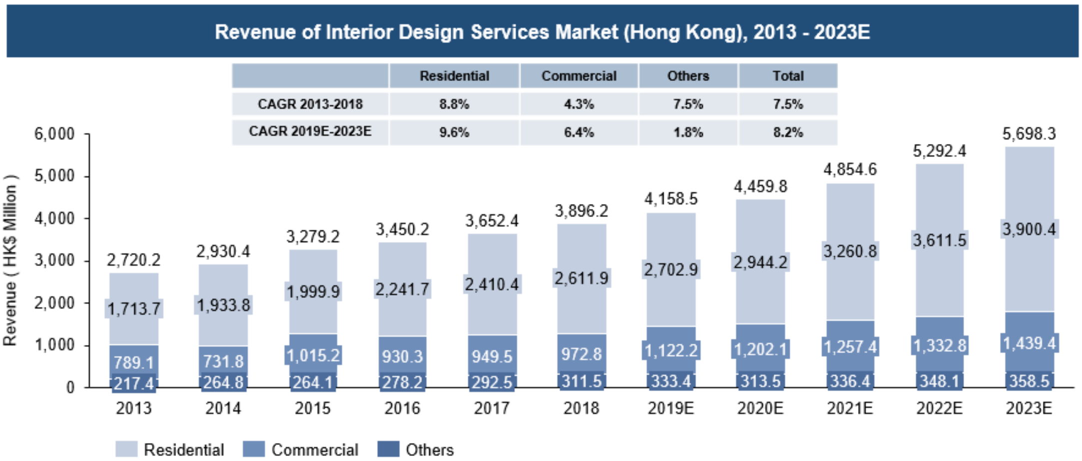
3. Hotel, restaurant and shopping centers

The interior design of hotels, restaurants and shopping centres are based on the requirement of property owners who try to create a distinctive vibe to lure customers and/or nurture business by delivering services in a convenient and quality environment. The increase of demand for hotels, restaurants, entertainment centres and retail shopping malls are promoted by the growth of overnight tourists and business visitors to Hong Kong.

4. Office

The objectives of interior design of office are in threefold. The first one is beauty, which satisfy people's physical and psychological requirements, creating a sound working environment. The second one is economy and practicability, which could meet the actual needs, bringing convenience to the office staff. The third one is the uniqueness, reflecting the culture of enterprise. According to the figures of Census and Statistics department of Hong Kong, the number of regional headquarters from other places in Hong Kong amount to 1,401, among which the regional offices of Mainland China recorded the greatest growth, from 97 in 2010 to 133 in 2015. The Chinese companies are playing a more important role in the office market of Hong Kong.

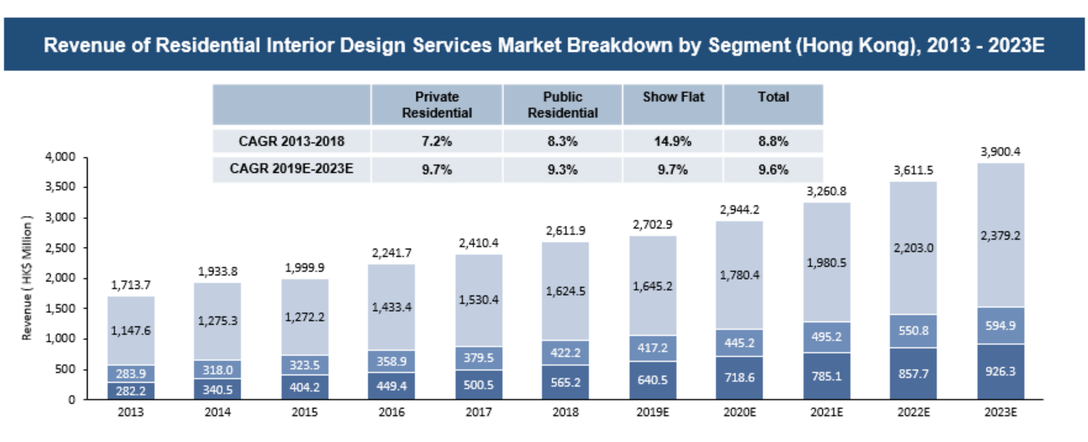
Market Performance and Forecast



Source: Census and Statistics Department of Hong Kong; Frost & Sullivan

The revenue of interior design services market in Hong Kong increased from approximately HK$2,720.2 million in 2013 to HK$3,896.2 million in 2018, representing a CAGR of 7.5%. The rise was attributed to increasing residential supply, influx of Chinese corporations and rise of smart home. With the increasing housing supply and the expediting of land planning and development process, the pace of construction of new buildings increase and the number of newly developed real estate projects are expected to grow continuously, which in turn lead to an increase in demand for interior design services.

According to the 2017 Policy Address, in the short to medium term, the government will provide more than 380,000 residential units by changing land use and increasing development intensity. In the medium to long term, a variety of new development areas and new town extensions would provide close to 200,000 residential units and over 8.6 million square metres of industrial and commercial floor area. Given the policies in speeding up residential development, the demand for interior design services in Hong Kong is expected to grow, reaching approximately HK$5,698.3 million in 2023, at the CAGR of 8.2% from 2019 to 2023. The demand for interior design services in residential segment is forecasted to record a CAGR of 9.6% during 2019 to 2023, followed by 6.4% of commercial segment and 1.8% of others.



Source: Frost & Sullivan

More property developments in Hong Kong are likely to be positioned as luxury residences and this will result in property developers investing more in show flats to elevate the market position of their residential development. In addition, the newly completed residential buildings each year propel the demand for interior design services for both overall residential and show flat. The private residential interior design services increased from approximately HK$1,147.6 million in 2013 to HK$1,624.5 million in 2018, representing a CAGR of 7.2%.

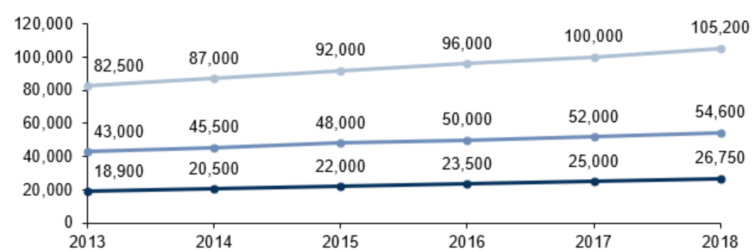
Cost Analysis

Salary of interior designers is the key cost for the interior design industry. Based on the nature of interior design job, the design team could be generally divided into three levels, namely junior designers, senior designers and design directors. Junior interior designers are mainly responsible for drawing and documentation, as well as handling the ad hoc tasks assigned by senior interior designers. Senior designers perform the tasks of preparing and developing drawings, models, images and other documents relating to the interior design. Design directors manage the project and oversee the overall operation of design team. Staff cost are the major cost item for interior design companies.

Average Monthly Salary of Interior Designers (Hong Kong), 2013-2018

Unit: HK$

	Junior Designer	Senior Designer	Design Director
CAGR	7.2%	4.9%	5.0%



Source: Census and Statistics Department of Hong Kong; Frost & Sullivan

From 2013 to 2018, the average monthly salary of interior designers recorded a stable growth, which is due to the growing demand for interior design services in Hong Kong.

Competitive landscape

The competition of the interior design services market in Hong Kong is keen while the market itself is highly fragmented with over 1,000 players and no single market leader dominating the market. This indicates that the competition will remain fierce. Market players tend to differentiate themselves based on price, style and reputation in order to obtain more business opportunities. During the year ended 31 March 2019, the Target Group recorded revenue of approximately HK$61.5 million from projects in Hong Kong, accounting for approximately 1.5% of the market share in Hong Kong.

Market trends, drivers and entry barriers

Market Trends

Challenges

1. Rising demand for customised and integrated solutions

In Hong Kong, the interior design industry is encountering a trend of higher requirement and expectation from clients, which may include more customised design services and higher quality of materials for decoration and renovation, as well as tighter deadline for planning and execution. Therefore, it would lead to the rise in complexity of interior design services from sourcing of specific materials, coordination of specialised contractors to realisation of conceptual designs. It is foreseeable that the major clients, such as property developer, would shift their preference to those interior design firms which have more customised and integrated solutions.

2. Rising salaries of interior designers

Salaries of interior designers have been increasing in Hong Kong during 2013 to 2018. Interior designers are critical to the interior design industry and the shortage of interior designers in Hong Kong is causing the salary to increase continuously. Therefore, the increased cost for interior design may reflect onto the customers in the project fees. Driven by the rising land supply and continued urban renewal, the salary of interior designers in Hong Kong is expected to maintain stable growth.

The interior design industry is relatively small and heavily reliant on the property market in Hong Kong. The industry is driven by the major real estate development and government policies in housing supply and land planning. If there is any change in related policies or property developer's expectation over the market, the demand for interior design services would be affected directly. For example, the expediting of urban renewal would drive up the investment of property developers in the region. Given the huge opportunities created, the demand for the interior design services would be increased accordingly. Conversely, if the policy is changed and lead to slow down in the urban renewal process, the impact on the interior design industry would be opposite.

Opportunities

1. Sustained development of the property market

The completion of private real estate properties will stimulate the interior design services market in Hong Kong. With the government announcing that over 94,000 private real estate unit will be available within the next three to four years, creating more needs for interior design for the new buildings completed. The interior design services market in Hong Kong would benefit from the rising residential supply. Along with the surge in value of property price in Hong Kong, the value of interior design as a percentage of total property value will increase accordingly for newly established private domestic properties.

2. Enhanced show flat market

According to trade sources, this rising trend of property prices has spurred property developers to invest more money in show flat designs in order to arouse the interest of potential home buyers with the residences' identities and the target market's aspirations. It is expected that the value spent on per show flat interior design project will increase over the next three years, as more and more property developments are positioned to be luxury residences, hence the usage of more premium materials will be expected, thereby increasing the amount spent on show flat design and decoration.

3. Influx of Chinese Corporation

Benefited by the unique position of Hong Kong being an international financial hub and the gateway to China, the financial market has attracted the influx of Chinese companies into Hong Kong. In the past, the multi-national corporations are the key players in Hong Kong office property market. The number of Chinese companies in Hong Kong is on the rise and these Chinese companies play a more important role in the office property market. According to the Census and Statistics Department of Hong Kong, the number of regional offices whose parent company located in the mainland of China increased from 114 in 2013 to 197 in 2018, at a CAGR of 11.6%. The impact is two-fold, reshaping the market landscape of the office property market and providing more opportunities for the interior design companies in Hong Kong.

4. Adaptation to agile office space

Increasing number of companies is now embracing the concept of agile working to create a flexible workspace that increases the work productivity of the staffs. Unlike the traditional offices with formal layout of working desks and meeting rooms, agile working creates a flexible and productive environment by creating different working areas within the office where the staffs have complete freedom and flexibility to work. The adoption of agile office is gaining popularity in both start-ups and multi-national companies. On the other hand, it is a rising trend for companies, especially start-ups and small corporates, to set up offices in co-working places, where the working environment is more dynamic and rents could be shared. The rising trend of agile offices and co-working spaces would reshape the layout of offices.

Drivers

1. Increasing residential supply

In the 2017 Budget Speech, the government projected that about a total of 188,000 residential units will be made available within the next five years in Hong Kong. About 50% of residential units will be provided through the private sector and the rest will be provided from the public sector. The increase of housing supplies will stimulate demand in interior design services market to customise the living space for comfort and maximise the space usage through the designs in the newly built residential units. It is expected that increasing residential supply would drive up the interior design services market in Hong Kong.

2. Rising requirements

With the stable economic growth and rising disposable income, the requirements for the quality of works are on the rise. To cater to the needs of buyers, the property developers are implementing new design concepts for the newly built residential units, thereby increasing project complexity and creating the stringent requirement for interior design services.

3. Continued urban renewal and redevelopment

Faced with the imbalance between demand and supply of housing market in Hong Kong, the government has been launching policies to simplify and speed up the process of land use planning and development. The renovation and redevelopment projects will certainly require the interior design services. Continued urban renewal and redevelopment drive up the interior design services market of Hong Kong.

Entry barriers

1. Industry experience

Despite the entry barrier to enter the interior design services market is relatively low in Hong Kong, new entrants with relevant experience, such as provision of interior design solutions to high-end residential flats and commercial premises, would be at the better position to win contracts from customers. Consumers will be more comfortable to acquire service from experienced and renowned interior design firms with professional designers and relevant track record. Without such experience, new entrants may find it difficult to interest consumers.

2. Relationship with industry players

Interior design services providers usually work within strict budget and specific timeline. Without well-developed relationships with suppliers and other specialised contractors, new entrants may not be able to advise on the use of building materials, fixtures and furniture. Moreover, the lack of connection may act as a barrier to coordination with other parties and overall project management, who are critical to the delivery capability and quality of works.

3. Reputation and Creditability

Word of mouth, advertisements, and awards are the key selection criterion of interior design services. Credible track record for quality of works and timely delivery within budget control is the critical metrics for the interior design companies. New entrants without sound reputation built on the past experience in delivering interior design works would compromise a company's overall competitiveness in the market.

All of the above requires time and persistent efforts to develop and once established would create trust and reliance with customer which are not easily replaceable. The Target Group is led by a strong management team with over 20 years of experience in the interior design industry. Capability to take up various types of projects, including residential, commercial, show flats, sales office and sales galleries, and quality of services are the core competence of the Target Group. With the track record in various sizable property projects in Hong Kong, the Target Group has gained the recognition of clients through timely delivery and satisfactory project execution. Please refer to the section headed "Competitive Strengths" in the prospectus for details.

The Target Group is an interior design services provider based in Hong Kong. As at the Latest Practicable Date, there was no statutory or mandatory licensing and qualification system governing the provision of interior design services in Hong Kong.

Below sets out a summary of certain aspects of the Hong Kong laws and regulations which are relevant to the Target Group's operations and business:

MANDATORY PROVIDENT FUND SCHEMES ORDINANCE (CHAPTER 485 OF THE LAWS OF HONG KONG)

The Mandatory Provident Fund Scheme is a defined contribution retirement scheme managed by authorised independent trustees. The Mandatory Provident Fund Schemes Ordinance provides that an employer shall participate in the Mandatory Provident Fund Scheme and make contributions for its employees aged between 18 and 65. Under the Mandatory Provident Fund Scheme, an employer and its employee are both required to contribute 5% of the employee's monthly relevant income as mandatory contribution for and in respect of the employee, subject to the minimum and maximum relevant income levels for contribution purposes. The maximum level of relevant income for contribution purposes is currently HK$30,000 per month or HK$360,000 per year.

EMPLOYMENT ORDINANCE (CHAPTER 57 OF THE LAWS OF HONG KONG)

All employees under contracts of employment are covered by the Employment Ordinance and as employers we are obliged to adhere to the Employment Ordinance. Under the Employment Ordinance, our Group as employer is required to make payment in lieu of notice in terminating an employment contract (section 7), pay end of year payment in accordance with contractual provisions (section 11C), grant paid maternity leave (section 14), prohibit assignment of heavy hazardous or harmful work for a pregnant employee (section 15AA), grant rest days, paid holidays and paid annual leave (section 17, section 39 and section 41AA), pay wages within 7 days upon the expiry of the last day of the wage period (section 23), grant severance and long service payment (section 31B and section 31R), deduct wages only under the prescribed circumstances (section 32), grant paid sickness day (section 33) and keep wages and employment records of each employee covering the period of his/her employment during the preceding 12 months' period (section 49A).

MINIMUM WAGE ORDINANCE (CHAPTER 608 OF THE LAWS OF HONG KONG)

The Minimum Wage Ordinance establishes a statutory minimum wage regime to provide for a minimum wage at an hourly rate for employees employed under a contract of employment under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), save for stipulated exceptions. Statutory minimum wage became effective on 1 May 2019, the minimum wage rate is currently set at HK$37.5 per hour. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by this Ordinance is void. The Minimum Wage Commission must report on any recommended changes in statutory minimum wage at least once in every 2 years to the Chief Executive in Hong Kong, and the Chief Executive may adjust the statutory minimum wage having regard to such recommendation.

EMPLOYEES' COMPENSATION ORDINANCE (CHAPTER 282 OF THE LAWS OF HONG KONG)

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. The Ordinance in general applies to all full-time and part-time employees who are employed under a contract of service or apprenticeship in any employment.

Under Section 40 of the Employees' Compensation Ordinance, all employers are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees. An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine of HK$100,000 and imprisonment for two years.

The Employees' Compensation Ordinance provides for payment of compensation to employees who are injured in the course of employment. An employer is liable to pay compensation in respect of personal injuries sustained by his employees by accident rising out of and in the course of employment; or in respect of total or partial incapacity or death of employee results from occupational diseases and is due to the nature of any employment in which the employee was employed at any time within the prescribed period immediately preceding such incapacity or death.

According to Section 48 of the Employees' Compensation Ordinance, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity or temporary incapacity in circumstances which entitle him to compensation under the Employees' Compensation Ordinance) before occurrence of certain events. Any person who commits breach of this provision is liable on conviction to a maximum fine of HK$100,000.

OCCUPIERS LIABILITY ORDINANCE (CHAPTER 314 OF THE LAWS OF HONG KONG)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

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

OCCUPATIONAL SAFETY AND HEALTH ORDINANCE (CHAPTER 509 OF THE LAWS OF HONG KONG)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonably practicable ensure the safety and health in their workplaces by:

(a) providing and maintaining plant and work systems that are safe and without risks to health;

(b) making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;

(c) providing all necessary information, instruction, training, and supervision for ensuring safety and health;

(d) as regards any workplace under the employer's control, maintaining the workplace in a condition that is safe and without risks to health and providing and maintaining means of access to and egress from the workplace that are safe and without risks to health; and

(e) providing and maintaining a working environment that is safe and without risks to health.

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

The Commissioner for Labour may also issue improvement notices against non-compliance of the Occupational Safety and Health Ordinance or the Factories and Industrial Undertakings Ordinance (Chapter 59 of the laws of Hong Kong), or suspension notices against activity of workplace which may create imminent hazard to the employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK$200,000 and HK$500,000 respectively and imprisonment of up to one year.

COPYRIGHT ORDINANCE (CHAPTER 528 OF THE LAWS OF HONG KONG)

The Copyright Ordinance currently in force in Hong Kong came into effect on 27 June 1997. The Copyright Ordinance as reviewed and revised from time to time provides comprehensive protection for recognised categories of literary, dramatic, musical and artistic works, as well as for sound recordings, films, television broadcasts and cable programmes.

In the course of preparing interior design proposals, the Target Group may create original artistic works (such as drawings) or literary work (such as text) or video that qualifies for copyright protection without registration. Infringement of copyright is civilly actionable.

TRADE DESCRIPTIONS ORDINANCE (CHAPTER 362 OF THE LAWS OF HONG KONG)

The Trade Descriptions Ordinance aims to protect customers against unfair trade practices by regulating businesses to sell products and services in a truthful manner. It prohibits false trade descriptions in respect of services supplied in the course of trade.

Section 2 of the Trade Descriptions Ordinance provides, inter alia, that "trade description" in relation to services means an indication, direct or indirect, and by whatever means given, with respect to the service or any part of the service including an indication of any of the matters — nature, scope, quantity (including the number of occasions on which, and the length of time for which, the service is supplied or to be supplied), standard, quality, value or grade; fitness for purpose, strength, performance, effectiveness, benefits or risks; method and procedure by which, manner in which, and location at which, the service is supplied or to be supplied; availability; testing by any person and the results of the testing; approval by any person or conformity with a type approved by any person; a person by whom it has been acquired, or who has agreed to acquire it; the person by whom the service is supplied or to be supplied; after-sale service assistance concerning the service; price, how price is calculated or the existence of any price advantage or discount.

Section 7 of the Trade Descriptions Ordinance provides that no person shall in the course of trade or business apply a false trade description to any goods or sell or offer for sale any goods with false trade descriptions applied thereto.

Section 7A of the Trade Descriptions Ordinance provides that a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or supplies or offers to supply to a consumer a service to which a false trade description is applied, commits an offence.

Sections 13E, 13F, 13G, 13H and 13I of the Trade Descriptions Ordinance provide that a trader who engages in relation to a consumer in a commercial practice that (a) is a misleading omission; or (b) is aggressive; (c) constitutes bait advertising; (d) constitutes a bait and switch; or (e) constitutes wrongly accepting payment for a product, commits an offence.

A person who commits an offence under sections 7, 7A, 13E, 13F, 13G, 13H or 13I shall be subject, on conviction on indictment, to a fine of HK$500,000 and to imprisonment for five years, and on summary conviction, to a fine at HK$100,000 and to imprisonment for two years.

INLAND REVENUE ORDINANCE (CHAPTER 112 OF THE LAWS OF HONG KONG)

The Inland Revenue Ordinance is an ordinance enacted for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among other things, that profits tax shall be charged on every person carrying on a trade, profession or business in Hong Kong in respect of his or her assessable profits arising in or derived from Hong Kong at the standard rate, which stood as at the Latest Practicable Date at 16.5% for corporate taxpayers. The Inland Revenue Ordinance also contains detailed provisions relating to, among other things, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciations of capital assets.

The following is the text of a report set out on pages III-1 to III-3, received from the Target Company's reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP TO THE DIRECTORS OF UNION ASIA ENTERPRISE HOLDINGS LIMITED AND MESSIS CAPITAL LIMITED

Introduction

We report on the historical financial information of Absolute Surge Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") set out on pages III-4 to III-65, which comprises the consolidated statements of financial position of the Target Group as at 31 March 2017, 2018 and 2019 and 30 June 2019, the statements of financial position of the Target Company as at 31 March 2018 and 2019 and 30 June 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages III-4 to III-65 forms an integral part of this report, which has been prepared for inclusion in the prospectus of Union Asia Enterprise Holdings Limited (the "Company") dated 4 November 2019 (the "Prospectus") in connection with the share offer of the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 March 2018 and 2019 and 30 June 2019 and the Target Group's financial position as at 31 March 2017, 2018 and 2019 and 30 June 2019 and of the Target Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Group which comprises the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months ended 30 June 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page III-4 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Track Record Period.

No statutory financial statements for the Target Company

No statutory financial statements have been prepared for the Target Company since its date of incorporation.

RSM Hong Kong
Certified Public Accountants
Hong Kong
4 November 2019

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Track Record Period, on which the Historical Financial Information is based, were audited by RSM Hong Kong in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March			Three months ended 30 June	
		2017	2018	2019	2018	2019
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Revenue	6	68,092	61,840	69,810	17,211	16,284
Cost of services		(26,377)	(26,597)	(28,477)	(6,807)	(7,222)
Gross profit		41,715	35,243	41,333	10,404	9,062
Other income	7	325	202	131	1	234
Other (losses)/gains	8	(555)	3,312	877	58	(407)
Administrative expenses		(15,366)	(18,295)	(20,949)	(4,700)	(5,318)
Other expenses		(400)	–	–	–	–
Profit from operations		25,719	20,462	21,392	5,763	3,571
Finance costs	10	(316)	(873)	(1,244)	(321)	(355)
Profit before tax		25,403	19,589	20,148	5,442	3,216
Income tax	11	(4,242)	(3,114)	(2,982)	(647)	(357)
Profit and total comprehensive income for the year/period	12	21,161	16,475	17,166	4,795	2,859
Earnings per share						
Basic and diluted	16	N/A	N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

					As at
			As at 31 March		**30 June**
		2017	**2018**	**2019**	**2019**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	17	4,275	3,242	2,433	1,627
Right-of-use assets	18	–	–	–	7,537
Key management insurance policy	19(b)	–	8,046	–	–
Financial assets at fair value through profit or loss	19(b)	–	–	8,921	8,968
Deferred tax assets	30	4	–	–	1
		4,279	11,288	11,354	18,133
Current assets					
Contract cost assets	20	890	518	254	551
Contract assets	21	13,029	13,284	17,891	23,082
Trade and other receivables	22	27,273	33,089	17,287	11,484
Key management insurance policy	19(a)	1,883	–	–	–
Amount due from a director	23(a)	57,402	–	–	–
Current tax assets		2,259	1,597	1,713	960
Bank and cash balances	24	26,342	19,593	20,258	23,752
		129,078	68,081	57,403	59,829
Current liabilities					
Contract liabilities	21	3,017	8,107	7,596	6,031
Trade and other payables	25	1,988	3,753	3,616	4,673
Amounts due to directors	26(a)	–	16,774	43	40
Amount due to the holding company	27	–	–	50	50
Current tax liabilities		6,240	4,141	3,770	4,216
Lease liabilities	28	–	–	–	4,451
Bank loans	29	46,360	25,000	33,076	32,043
		57,605	57,775	48,151	51,504
Net current assets		71,473	10,306	9,252	8,325

		As at 31 March			As at 30 June
		2017	**2018**	**2019**	**2019**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets less current liabilities		75,752	21,594	20,606	26,458
Non-current liabilities					
Lease liabilities	28	–	–	–	3,096
Deferred tax liabilities	30	423	290	136	33
		423	290	136	3,129
NET ASSETS		75,329	21,304	20,470	23,329
Capital and reserves					
Share capital	31	219	219	219	–
Reserves	32	75,110	21,085	20,251	23,329
TOTAL EQUITY		75,329	21,304	20,470	23,329

STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at 31 March		As at 30 June
		2018	**2019**	**2019**
	Note	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Investments in subsidiaries	1	–	–	–*
Current assets				
Prepayments		–	4	3
Bank balances		–	55	53
		–	59	56
Current liabilities				
Amount due to a director	33(a)	6	26	26
Amount due to the holding company	33(b)	–	50	50
		6	76	76
Net current liabilities		(6)	(17)	(20)
NET LIABILITIES		(6)	(17)	(20)
Deficiency in assets				
Share capital	31	–	–	–
Accumulated losses		(6)	(17)	(20)
TOTAL DEFICIT ON EQUITY		(6)	(17)	(20)

* As at 30 June 2019, the amount of the Target Company's investments in subsidiaries is less than HK$1,000.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *(Note 31)* *HK\$'000*	Retained profits *HK\$'000*	Other reserve *(Note 32)* *HK\$'000*	Total equity *HK\$'000*
As at 1 April 2016	219	53,949	–	54,168
Total comprehensive income and changes in equity for the year	–	21,161	–	21,161
As at 31 March 2017 and 1 April 2017	219	75,110	–	75,329
Total comprehensive income for the year	–	16,475	–	16,475
Dividends *(Note 15)*	–	(70,500)	–	(70,500)
Changes in equity for the year	–	(54,025)	–	(54,025)
As at 31 March 2018 and 1 April 2018	219	21,085	–	21,304
Total comprehensive income for the year	–	17,166	–	17,166
Dividends *(Note 15)*	–	(18,000)	–	(18,000)
Changes in equity for the year	–	(834)	–	(834)
As at 31 March 2019 and 1 April 2019	219	20,251	–	20,470
Total comprehensive income for the period	–	2,859	–	2,859
Effect of reorganisation	(219)	–	219	–
Changes in equity for the period	(219)	2,859	219	2,859
As at 30 June 2019	–	23,110	219	23,329
As at 31 March 2018 and 1 April 2018	219	21,085	–	21,304
Total comprehensive income and changes in equity for the period	–	4,795	–	4,795
As at 30 June 2018 *(unaudited)*	219	25,880	–	26,099

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax	25,403	19,589	20,148	5,442	3,216
Adjustments for:					
Interest income	(136)	(31)	(12)	(1)	(6)
Reversal of other payables	–	–	–	–	(228)
Interest expenses	316	873	1,244	321	355
Insurance expenses	21	9	–	–	–
Fair value gain on financial assets at fair value through profit or loss	–	–	(875)	(59)	(47)
Loss/(Gain) on disposal of property, plant and equipment	538	(3,157)	–	–	–
Depreciation of property, plant and equipment	1,872	1,652	1,481	351	392
Depreciation of right-of-use assets	–	–	–	–	1,122
Impairment losses of property, plant and equipment	–	–	–	–	439
Exchange loss/(gain)	1	(1)	–	–	–
Operating profit before working capital changes	28,015	18,934	21,986	6,054	5,243
Decrease/(Increase) in contract cost assets	1,610	372	264	(339)	(297)
Decrease/(Increase) in contract assets	5,914	(255)	(4,607)	(7,260)	(5,191)
(Increase)/Decrease in trade and other receivables	(23,474)	(5,816)	15,802	22,363	5,784
Increase/(Decrease) in contract liabilities	1,927	5,090	(511)	(3,816)	(1,565)
Increase/(Decrease) in trade and other payables	1,096	1,765	(137)	(89)	1,285
Cash generated from operations	15,088	20,090	32,797	16,913	5,259
Income tax (paid)/refund	(6,243)	(4,680)	(3,623)	(682)	738
Net cash generated from operating activities	8,845	15,410	29,174	16,231	5,997

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
				(unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	1	2	12	1	6
Purchases of property, plant and equipment	(2,372)	(2,062)	(672)	(10)	(25)
Advance to a director	(40,264)	(10,223)	–	–	–
Advance to a related company	(881)	(13,951)	–	–	–
Key management insurance policy payment	(253)	(8,053)	–	–	–
Net cash used in investing activities	(43,769)	(34,287)	(660)	(9)	(19)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	–	(10,500)	(18,000)	–	–
Principal elements of lease payments	–	–	–	–	(1,153)
Interest paid for bank loans	(316)	(804)	(1,176)	(279)	(290)
Upfront fee paid for bank loan	–	–	(106)	(106)	–
Advance from directors	–	28	–	–	–
Repayment to directors	(5,040)	–	(16,731)	(10,317)	(3)
Advance from the holding company	–	–	50	–	–
Advance from a related company	139	–	–	–	–
Proceeds from bank loans	47,000	25,000	15,000	12,000	–
Repayment of bank loans	(640)	(1,596)	(6,886)	(822)	(1,038)
Net cash generated from/(used in) financing activities	41,143	12,128	(27,849)	476	(2,484)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,219	(6,749)	665	16,698	3,494
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	20,123	26,342	19,593	19,593	20,258
CASH AND CASH EQUIVALENTS AT THE END OF YEAR/PERIOD	26,342	19,593	20,258	36,291	23,752
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank and cash balances	26,342	19,593	20,258	36,291	23,752

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION

The Target Company was incorporated in the British Virgin Islands ("BVI") on 2 August 2017 with limited liability. The address of its registered office is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI. In the opinion of the directors of the Target Company, its immediate and ultimate holding company is Whistle Up Limited ("Whistle Up"), a company incorporated in the BVI with limited liability which is beneficially owned as to 96% by Mr. Chan Norman Enrique ("Mr. Norman Chan"), 3% by Mr. Lee Alex Kam-fai ("Mr. Alex Lee") and 1% by Ms. Kwok Lai Yi Susanna ("Ms. Susanna Kwok").

The Target Company is an investment holding company. The principal activities of its subsidiaries are the provision of interior design and execution services (the "Business").

Pursuant to the reorganisation as detailed below, the Target Company completed the reorganisation and became the holding company of the companies now comprising the Target Group on 26 April 2019. Prior to the incorporation of the Target Company and the completion of the reorganisation, the Business was carried out by companies now comprising the Target Group (collectively the "Operating Companies"). The Operating Companies were collectively controlled by Mr. Norman Chan throughout the Track Record Period.

The main steps of the reorganisation are summarised as follows:

On 26 April 2019, Mr. Norman Chan transferred 8,000 shares of BTR (ASIA) LIMITED ("BTR Asia"), representing the entire issued share capital of BTR Asia to the Target Company and in return, the Target Company allotted and issued one share of the Target Company credited as fully paid to Whistle Up under the instruction of Mr. Norman Chan on 26 April 2019. Upon completion of the above shares transfer, BTR Asia became a wholly-owned subsidiary of the Target Company.

On 26 April 2019, Mr. Norman Chan and Mr. Alex Lee respectively transferred 950 shares and 50 shares of BTR (HK) LIMITED ("BTR HK"), representing the entire issued share capital of BTR HK to the Target Company and in return, the Target Company allotted and issued two shares of the Target Company credited as fully paid to Whistle Up under the instructions of Mr. Norman Chan and Mr. Alex Lee on 26 April 2019. Upon completion of the above shares transfer, BTR HK became a wholly-owned subsidiary of the Target Company.

On 26 April 2019, Mr. Norman Chan transferred 10,000 shares of BTR (INTL) LIMITED ("BTR Intl"), representing the entire issued share capital of BTR Intl to the Target Company and in return, the Target Company allotted and issued one share of the Target Company credited as fully paid to Whistle Up under the instruction of Mr. Norman Chan on 26 April 2019. Upon completion of the above shares transfer, BTR Intl became a wholly-owned subsidiary of the Target Company.

On 26 April 2019, Mr. Norman Chan and Ms. Susanna Kwok respectively transferred 199,999 shares and one share of BTR WORKSHOP LIMITED ("BTR Workshop"), representing the entire issued share capital of BTR Workshop to the Target Company and in return, the Target Company allotted and issued two shares of the Target Company credited as fully paid to Whistle Up under the instructions of Mr. Norman Chan and Ms. Susanna Kwok on 26 April 2019. Upon completion of the above shares transfer, BTR Workshop became a wholly-owned subsidiary of the Target Company.

Pursuant to the reorganisation, the Operating Companies together with the Business are transferred to and held by the Target Company. The Target Company has not been involved in any business prior to the reorganisation and does not meet the definition of a business. The reorganisation is merely a reorganisation of the Business with no change in management of such business and the ultimate controlling owner of the Business remain the same. Accordingly, the consolidated financial information of the companies now comprising the Target Group is presented using the carrying values of the Business for all periods presented. For the purpose of this report, the Historical Financial Information has been prepared on a basis in accordance with the principles of the Hong Kong Standard on Investment Circular Reporting Engagements 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the HKICPA. Intercompany transactions, balances and unrealised gains/losses on transactions between group companies have been eliminated on consolidation.

Upon completion of the reorganisation and as at the date of this report, the Target Company has direct interests in the following subsidiaries:

Name	Place of incorporation/ operation and date of incorporation	Principal activities	Type of legal status	Issued and paid up capital	Effective interest attributable to the Target Group
BTR Asia	Hong Kong, 18 December 2013	Provision of interior design and execution services	Limited liability company	HK$8,000	100%
BTR HK	Hong Kong, 19 March 2009	Provision of interior design and execution services	Limited liability company	HK$1,000	100%
BTR Intl	Hong Kong, 18 January 2013	Provision of interior design and execution services	Limited liability company	HK$10,000	100%
BTR Workshop	Hong Kong, 1 June 1995	Provision of interior design and execution services	Limited liability company	HK$200,000	100%

No audited statutory financial statements have been issued for the Target Company since its date of incorporation as there is no statutory audit requirement from its place of incorporation and the Target Company has not carried on any business other than those transactions relating to the reorganisation.

The statutory financial statements of the subsidiaries for the years ended 31 March 2017, 2018 and 2019 were audited by RSM Hong Kong, Certified Public Accountants, Hong Kong.

The Historical Financial Information complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and interpretations issued by the HKICPA, except as mentioned otherwise below.

The Target Group has applied HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") together with the relevant transitional provisions consistently throughout the Track Record Period.

The Target Group has applied HKFRS 9 Financial Instruments ("HKFRS 9") retrospectively to items that existed as at 1 April 2018 in accordance with the transition requirements and applied HKAS 39 Financial Instruments: Recognition and Measurement ("HKAS 39") for the two years ended 31 March 2018. Comparative information is not restated. Accordingly, certain comparative information is not comparable.

All HKFRSs effective for accounting period commencing from 1 April 2019 have been consistently applied by the Target Group in preparation of the Historical Financial Information throughout the Track Record Period, except that the Target Group has adopted HKFRS 16 Leases ("HKFRS 16") since 1 April 2019 in accordance with the transition requirements and applied HKAS 17 Leases ("HKAS 17") for the three years ended 31 March 2019. Comparative information is not restated. Accordingly, certain comparative information is not comparable.

Significant accounting policies adopted by the Target Group are set out in Note 3 below.

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39. HKFRS 9 introduces new requirements for classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2018 on a retrospective basis. The Target Group has adopted this new standard on 1 April 2018.

(a) Classification and measurement

The table below illustrates the classification and measurement of financial assets and financial liabilities under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Note	**Original measurement category under HKAS 39**	**New measurement category under HKFRS 9**	**Original carrying amount under HKAS 39** *HK$'000*	**New carrying amount under HKFRS 9** *HK$'000*
The Target Group					
Financial assets					
Key management insurance policy	19(b)	Loans and receivables	Financial assets at fair value through profit or loss	8,046	8,046
Trade receivables	22	Loans and receivables	Financial assets at amortised cost	31,304	31,304
Deposits and other receivables		Loans and receivables	Financial assets at amortised cost	1,190	1,190
Bank and cash balances	24	Loans and receivables	Financial assets at amortised cost	19,593	19,593
Financial liabilities					
Accruals and other payables (at amortised cost)		Financial liabilities at amortised cost	Financial liabilities at amortised cost	2,530	2,530
Amounts due to directors	26(a)	Financial liabilities at amortised cost	Financial liabilities at amortised cost	16,774	16,774
Bank loans	29	Financial liabilities at amortised cost	Financial liabilities at amortised cost	25,000	25,000

Under HKAS 39, the key management insurance policy was classified as loans and receivables. The key management insurance policy is classified as financial assets at fair value through profit or loss under HKFRS 9 as at 1 April 2018 since its contractual cash flows are not solely payments of principal and interest.

	Original measurement category under HKAS 39	**New measurement category under HKFRS 9**	**Original carrying amount under HKAS 39**	**New carrying amount under HKFRS 9**
			HK$'000	*HK$'000*
The Target Company				
Financial liabilities				
Amount due to a director	Financial liabilities at amortised cost	Financial liabilities at amortised cost	6	6

(b) Impairment

HKFRS 9 requires the Target Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. The Target Group has not recognised loss allowance upon the initial recognition of HKFRS 9 as the amount involved is insignificant.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease ("HK(IFRIC)-Int 4"), HK(SIC)-Int 15 Operating Leases – Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Target Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Target Group has applied HKFRS 16 from 1 April 2019 using the modified retrospective approach, under which the comparative information presented for the three years ended 31 March 2019 has not been restated. The reclassification and the adjustments arising from HKFRS 16 are recognised in the opening balance sheet on 1 April 2019.

(a) Definition of a lease

Previously, the Target Group determined at contract inception whether an arrangement was or contained a lease under HK(IFRIC)-Int 4. The Target Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to HKFRS 16, the Target Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts that were entered into or changed on or after 1 April 2019.

(b) As a lessee

The Target Group leases many assets, such as office premises and office equipment.

As a lessee, the Target Group previously classified leases as operating leases or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Target Group recognises right-of-use assets and lease liabilities for most leases.

However, the Target Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Target Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use assets relate to the following types of assets:

	As at	
	1 April 2019	**30 June 2019**
	HK$'000	*HK$'000*
Office premises	7,119	6,102
Office equipment	1,540	1,435
Total right-of-use assets	8,659	7,537

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Target Group determined the length of the remaining lease terms and measured the lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted at the Target Group's incremental borrowing rates as at 1 April 2019. The right-of-use assets at the date of transition for leases previously classified as operating leases have been measured at an amount equal to the lease liabilities, adjusted by the amount of any relevant prepaid or accrued lease payments as at 31 March 2019. There is no impact on the opening retained profits.

The Target Group applied the following exemption and practical expedients at the date of initial application of HKFRS 16:

(i) Not to recognise right-of-use assets and lease liabilities for leases with less than 12 months as of the date of initial application of HKFRS 16.

(ii) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(iii) Used hindsight in determining the lease term when the contract contains options to extend or terminate the lease.

(c) Impact on transition

The change in accounting policies affected the following items on the consolidated statement of financial position of the Target Group (increase/(decrease)) as at 1 April 2019 is summarised below.

	As at 1 April 2019 *HK$'000*
Non-current assets	
Right-of-use assets	8,659
Current assets	
Prepayments	(19)
Total assets	8,640
Current liabilities	
Lease liabilities	4,420
Non-current liabilities	
Lease liabilities	4,220
Total liabilities	8,640

When measuring lease liabilities for leases that were classified as operating leases, the Target Group discounted lease payments using the Target Group's incremental borrowing rates as at 1 April 2019. The weighted-average rate applied is 2.89%.

The following table reconciles the operating lease commitments as disclosed in Note 35 as at 31 March 2019 to the opening balance of lease liabilities recognised as at 1 April 2019:

	As at 1 April 2019 *HK$'000*
Operating lease commitment as at 31 March 2019	5,801
Less: Commitments relating to leases exempt from capitalisation (short-term and other leases with remaining lease term ending on or before 31 March 2020)	(1,083)
Add: Adjustments as a result of a difference treatment of extension options	4,197
Less: Total future interest expenses	(275)
Present value of remaining lease payments, discounted using the incremental borrowing rates as at 1 April 2019	8,640
Of which are:	
Current lease liabilities	4,420
Non-current lease liabilities	4,220
Lease liabilities recognised as at 1 April 2019	8,640

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Target Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Target Group's financial performance and cash flows for the three months ended 30 June 2019, by adjusting the amounts reported under HKFRS 16 to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply for the three months ended 30 June 2019.

	Amounts reported under HKFRS 16	**Adjustments related to operating leases as if under HKAS 17 instead of HKFRS 16**	**Hypothetical amounts for the three months ended 30 June 2019 as if under HKAS 17**
	HK$'000	*HK$'000*	*HK$'000*
Financial performance impacted by the adoption of HKFRS 16:			
Profit from operations	3,571	(31)	3,540
Finance costs	(355)	60	(295)
Profit before tax	3,216	29	3,245
Income tax	(357)	(4)	(361)
Profit for the period	2,859	25	2,884
Line items in the consolidated statement of cash flows impacted by the adoption of HKFRS 16:			
Cash generated from operations	5,259	(1,153)	4,106
Net cash generated from operating activities	5,997	(1,153)	4,844
Principal elements of lease payments	(1,153)	1,153	–
Net cash used in financing activities	(2,484)	1,153	(1,331)

2. NEW AND REVISED HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Target Group has not early applied certain new and revised HKFRSs that have been issued but are not yet effective during the Track Record Period. These new and revised HKFRSs include the following which may be relevant to the Target Group.

Conceptual Framework for Financial Reporting 2018 (Amendments)	Revised Conceptual Framework for Financial Reporting[1]
HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKFRS 3 (Amendments)	Definition of a Business[1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts[2]

1. Effective for accounting periods beginning on or after 1 January 2020.
2. Effective for accounting periods beginning on or after 1 January 2021.
3. To be determined.

The Target Group is in the process of making an assessment of what the impact of the above amendments and new standard is expected to be in the period of initial application. So far it has concluded that no significant impact on the financial performance and position of the Target Group is expected when they become effective.

3. SIGNIFICANT ACCOUNTING POLICIES

This Historical Financial Information has been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. financial assets at fair value through profit or loss that are measured at fair value).

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Target Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 to the Historical Financial Information.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

(a) Consolidation

The Historical Financial Information include the financial statements of the Target Company and its subsidiaries made up to 31 March and 30 June. Subsidiaries are entities over which the Target Group has control. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group has power over an entity when the Target Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

In the Target Company's statements of financial position, investments in subsidiaries are stated at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in HK$, which is the Target Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) Property, plant and equipment

Property, plant and equipment, held for use in supply of services or for administrative purposes, are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the unexpired period of lease term or 20%, whichever is shorter
Furniture and fixtures	20%
Office equipment	20% to 33%
Motor vehicles	30%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) Leases – as a lessee

Applied prior to 1 April 2019

Leases that do not substantially transfer to the Target Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments are recognised as an expense on a straight-line basis over the lease term.

Applied from 1 April 2019

The Target Group recognises a right-of-use asset and a lease liability at the lease commencement date (except for short-term leases that have a lease term of 12 months or less and leases of low-value assets).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Target Group's incremental borrowing rate. Generally, the Target Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use asset is initially measured at cost (which comprises the initial measurement of lease liability plus any lease payments made at or before the commencement date and any initial direct costs incurred) and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(e) Interior design contracts

The Target Group provides interior design and execution services. For certain service contracts in which the Target Group bills a fixed amount that corresponds directly with the value to the customers of the Target Group's performance completed to date, the Target Group recognises revenue in the amount to which the Target Group has a right to invoice. Apart from the aforesaid service contracts, revenue from a fixed-price contract is recognised over time based on the contract costs incurred to date as a percentage of total forecast costs to depict the transfer of control of services to the customer. The Target Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. If the Target Group cannot reasonably measure the outcome (for example, in the early stages of a contract) but expects to recover the costs incurred in satisfying the performance obligation, then it recognised revenue to the extent of the costs incurred.

If a performance obligation is not satisfied over time, the Target Group recognised revenue from interior design and execution services at a point in time.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another HKFRS or HKAS, the Target Group recognises contract cost assets from the costs incurred to fulfil an anticipated contract only if the costs relate directly to an anticipated contract that the Target Group can specifically identify; the costs generate or enhance resources of the Target Group that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered. Contract cost assets include direct labour, subcontracting charges and other direct costs.

Subsequent to capitalisation, contract cost assets that relate to services that will transfer to the customer at the contract establishment date would be expensed immediately. If the performance obligations are satisfied over time, revenue will be recognised on a cumulative catch-up basis at the contract establishment date reflecting the performance obligations that are partially or fully satisfied at that time.

The Target Group shall recognise an impairment loss in profit or loss to the extent that the carrying amount of a contract cost asset exceeds the remaining amount of consideration that the Target Group expects to receive in exchange for the services to which the contract cost asset relates; less the costs that relate directly to providing those services and that have not been recognised as expenses.

When cumulative revenue from an interior design contract exceeds progress billings, a contract asset is recognised. When progress billings exceed cumulative revenue from an interior design contract, a contract liability is recognised.

Contract assets represent the Target Group's right to consideration in exchange for services that the Target Group has transferred to customers when that right is conditional on something other than the passage of time. Any unconditional rights to consideration other than the passage of time are presented separately as trade receivables.

Contract liabilities are the Target Group's obligations to transfer services to customers for which the Target Group has received consideration from the customers.

(f) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when the Target Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Group transfers substantially all the risks and rewards of ownership of the assets; or the Target Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(g) Financial assets

Applied prior to 1 April 2018

The Target Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. The Target Group's key management insurance policy, trade receivables, other receivables, amount due from a director, amount due from a related company, bank and cash balances are classified in this category.

Key management insurance policy is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, based on the expected life of the contract, less impairment.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

Applied from 1 April 2018

Non-equity investments held by the Target Group are classified into one of the following measurement categories:

(i) amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

(ii) fair value at profit or loss if the investment does not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss. The Target Group's key management insurance policy is classified in this category.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

The effective interest method is a method of calculating the amortised cost of financial assets and of allocating interest income over the relevant periods.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial assets, or where appropriate, a shorter period, to the gross carrying amount of the financial assets on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial assets. If, in subsequent reporting periods, the credit risk on the credit-impaired financial assets improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss using the effective interest method and is included in the "other income" line item.

(h) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(i) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(k) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(m) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer, excluding amounts collected on behalf of third parties. The Target Group recognises revenue when it transfers control over a service to a customer. Control refers to customer's ability to direct the use of and obtain substantially all the remaining benefits from an asset.

Revenue from interior design and execution services is recognised over time by measuring the progress towards complete satisfaction of a performance obligation as detailed in Note 3(e) above.

Revenue from colour-rendering and handling services is recognised when the related services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefit scheme

The Target Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "Ordinance") which is a defined contribution plan for all qualifying employees in Hong Kong. The Target Group's contributions to the MPF Scheme are calculated at 5% of the employees' salaries subject to a monthly maximum amount specified in the Ordinance per employee and vest fully with employees when contributed into the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Target Group in an independently administered fund.

The retirement benefit contributions charged to profit or loss represent contributions payable by the Target Group to the MPF Scheme.

(iii) Long service payments

In Hong Kong, employees who have completed a required number of years of service to the Target Group are eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment, provided that such terminations meet the circumstances specified in the Hong Kong Employment Ordinance.

(iv) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Target Group can no longer withdraw the offer of those benefits, and when the Target Group recognises restructuring costs and involves the payment of termination benefits.

(o) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Group intends to settle its current tax assets and liabilities on a net basis.

(q) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense to the consolidated statements of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(r) Impairment of financial assets

Applied prior to 1 April 2018

At the end of each reporting period, the Target Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the financial assets have been affected.

For trade receivables that are assessed not to be impaired individually, the Target Group assesses them collectively for impairment, based on the Target Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and the loss is recognised in profit or loss. If in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

Applied from 1 April 2018

The Target Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 5(b)(ii) to the Historical Financial Information details how the Target Group determines whether there has been a significant increase in credit risk.

Expected credit loss is a function of the exposure at default, the probability of default and loss given default (i.e. the magnitude of the loss if there is a default). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking estimates.

For trade receivables and contract assets, the Target Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The expected credit losses on these assets are assessed individually for debtors based on the Target Group's internal credit rating, historical observed default rates, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The Target Group recognises an impairment gain or loss in profit or loss for all financial assets at amortised cost and contract assets with a corresponding adjustment to their carrying amounts through an allowance account.

The Target Group writes off a financial asset when there is information indicating that there is no realistic prospect of recovery, e.g. the counterparty has been placed under liquidation or has been entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures. Any recoveries made are recognised in profit or loss.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(t) Events after the reporting period

Events after the reporting period that provide additional information about the Target Group's position at the end of the reporting period are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the Historical Financial Information (apart from those involving estimations, which are dealt with below).

(a) Methods for measuring progress towards complete satisfaction of a performance obligation

As detailed in Note 3(m) to the Historical Financial Information, revenue from interior design and execution services is recognised over time based on the contract costs incurred to date as a percentage of total forecast costs to depict the transfer of control of services to customers. In determining the appropriate method for measuring progress towards complete satisfaction of a performance obligation, the Target Group considered the nature of interior design and execution services that the Target Group promised to transfer to its customers and selected the method of measuring progress that best depicts the transfer of products or services to its customers. In the absence of surveys of performance completed to date or appraisals of results achieved, output methods would not faithfully depict the Target Group's performance in satisfying a performance obligation when the Target Group has performed work in progress or finished goods controlled by customers that are not included in the measurement of the output.

(b) Fulfillment costs for anticipated contracts

Determining whether fulfillment costs qualify for capitalisation requires judgement. In making this judgement, if the costs incurred are not within the scope of another HKFRS or HKAS, the Target Group considered if the costs relate directly to an anticipated contract that the Target Group can specifically identify; the costs generate or enhance resources of the Target Group that will be used in satisfying performance obligations in the future; and the costs are expected to be recovered.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Target Group determines the estimated useful lives, residual values and related depreciation charges for the Target Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Target Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete that have been abandoned.

The carrying amount of property, plant and equipment as at 31 March 2017, 2018 and 2019 and 30 June 2019 was approximately HK$4,275,000, HK$3,242,000, HK$2,433,000 and HK$1,627,000 respectively.

(b) Revenue and profit recognition

Apart from certain service contracts in which the Target Group bills a fixed amount for each duration of services provided (revenue recognised in the amount to which the Target Group has a right to invoice), revenue and profit recognition on the provision of interior design and execution services is dependent on the estimation of the progress of the satisfaction of performance obligation of an interior design contract over time. Based on the Target Group's past experience and the nature of the contract activities undertaken by the Target Group, the Target Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and the revenue can be reliably estimated. Actual outcome in terms of total forecast costs and/or revenue may be higher or lower than those estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years. During the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019, approximately HK$64,987,000, HK$60,234,000, HK$66,880,000 and HK$16,937,000 (unaudited) and HK$15,181,000 of revenue from interior design contracts was recognised respectively.

(c) Income taxes

The Target Group is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019, income tax of approximately HK$4,242,000, HK$3,114,000, HK$2,982,000, HK$647,000 (unaudited) and HK$357,000 was charged to profit or loss respectively based on the estimated profit from operations.

(d) Impairment loss for bad and doubtful debts

Prior to the adoption of HKFRS 9, the Target Group determines impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each customer or debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year/period in which such estimate has been changed. No receivables were considered to be doubtful by management for the two years ended 31 March 2018.

Upon the application of HKFRS 9, the Target Group estimates the amount of loss allowance for expected credit losses on items subject to expected credit losses (including trade receivables, other receivables and contract assets) based on the credit of the respective items. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows after taking into consideration of expected future credit loss of the item. The assessment of the credit risk of the items subject to expected credit losses involves high degree of estimation and uncertainty. When the actual future cash flows are different from expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. As at 31 March 2019 and 30 June 2019, the Target Group has not recognised loss allowance for its trade receivables, other receivables and contract assets.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets:				
Loans and receivables (including bank and cash balances)	112,323	60,133	–	–
Financial assets at amortised cost	–	–	36,836	34,592
Financial assets at fair value through profit or loss	–	–	8,921	8,968
Financial liabilities:				
Financial liabilities at amortised cost	47,072	44,304	35,533	43,280

(b) Financial risk management

The Target Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(i) Foreign currency risk

The Target Group is mainly exposed to the foreign exchange risk of United States dollars ("US$"), Renminbi ("RMB"), Japanese yen ("JPY") and New Taiwan dollars ("NT$"). Under the pegged exchange rate system, the financial impact on exchange difference between HK$ and US$ will be immaterial as all US$ denominated monetary assets and liabilities are held by group entities having HK$ as their functional currency, and therefore no sensitivity analysis has been prepared. For RMB, JPY and NT$, no sensitivity analysis has been prepared as the amounts involved are insignificant. The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Target Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(ii) Credit risk

The Target Group's credit risk is primarily attributable to its key management insurance policy, trade and other receivables, contract assets, amount due from a director and bank balances.

The Target Group's credit risk on key management insurance policy held is limited since the counterparties are top-tier financial service providers with good reputation.

In respect of trade receivables and contract assets, individual credit evaluations are performed on all customers. These evaluations focus on the customer's reputation and past history of making payments. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews the recoverable amount of each individual trade debt and contract asset regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the Target Group's credit risk is significantly reduced.

For other receivables, management makes periodic individual and collective assessments on the recoverability of other receivables based on historical settlement records and past experience. Management considers that there is no material credit risk inherent in the Target Group's outstanding balances of other receivables.

The credit risk on bank balances is limited since the counterparties are banks with high credit-ratings.

The Target Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, therefore significant concentrations of credit risk primarily arise when the Target Group has significant exposure to individual customers. As at 31 March 2017, 2018 and 2019 and 30 June 2019, the Target Group had concentration of credit risk on trade receivables as 48%, 51%, 39% and 71% of its trade receivables were due from two, three, one and two customers which individually contributed over 10% of the Target Group's trade receivables respectively. As at 31 March 2017, 2018 and 2019 and 30 June 2019, the Target Group had concentration of credit risk on contract assets as 70%, 43%, 36% and 38% of its contract assets were due from five, three, one and one customers which individually contributed over 10% of the Target Group's contract assets respectively. Management is of the view that these customers are certain reputable companies with high credit-ratings in the market, hence, the credit risk is limited in this regard.

As at 31 March 2017, the Target Group had concentration of credit risk on the amount due from a director as 44% of the Target Group's current assets. Management assesses the credit risk exposure on the amount due from a director to be low as the counterparty was with a strong financial position.

Since the adoption of HKFRS 9 on 1 April 2018, the Target Group applies the simplified approach permitted by HKFRS 9, which permits the use of expected lifetime loss to be recognised from initial recognition of trade receivables and contract assets.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The Target Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Target Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

– internal credit rating or external credit rating (if available);

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

– actual or expected significant changes in the operating results of the counterparty;

– significant changes in the expected behavior of the counterparty, including changes in the payment status; and

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

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

Notwithstanding the above, the Target Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial asset is determined to have low credit risk if the financial asset has a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the short term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. The Target Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the counterparty is unlikely to pay the Target Group, in full (without considering any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information that demonstrates otherwise.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the counterparty;

– a breach of contract, such as a default or past due event; or

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

As at 31 March 2019 and 30 June 2019, management assessed the expected loss on trade receivables and contract assets individually. Based on past experience of the Target Group, these trade receivables and contract assets are generally recoverable due to the credit ratings, long term/on-going relationship and good repayment record of the customers. As at 31 March 2019, the expected credit loss rates for trade receivables and contract assets are assessed to be 0.3% and 0.2%, respectively. As at 30 June 2019, the expected credit loss rates for trade receivables and contract assets are assessed to be 0.1% and 0.2%, respectively. The loss allowance for trade receivables and contract assets was insignificant. In addition, management is of the opinion that no event of default occurred for trade receivables aged over 90 days and the balances are still considered fully recoverable due to the credit ratings, long-term/on-going relationship and good repayment record from these customers.

As at 31 March 2019 and 30 June 2019, the internal credit ratings of other receivables were performing. The Target Group has assessed that the expected credit losses for these receivables are not significant under the 12-month expected loss method. Thus no loss allowance was recognised.

(iii) Liquidity risk

The Target Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Target Group's non-derivative financial liabilities is as follows:

	On demand or less than one year	**Between one to two years**	**Between two to five years**	**Total undiscounted cash flow**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017				
Trade and other payables	712	–	–	712
Bank loans	46,360	–	–	46,360
	47,072	–	–	47,072
As at 31 March 2018				
Trade and other payables	2,530	–	–	2,530
Amounts due to directors	16,774	–	–	16,774
Bank loans	25,000	–	–	25,000
	44,304	–	–	44,304
As at 31 March 2019				
Trade and other payables	2,364	–	–	2,364
Amounts due to directors	43	–	–	43
Amount due to the holding company	50	–	–	50
Bank loans	33,076	–	–	33,076
	35,533	–	–	35,533
As at 30 June 2019				
Trade and other payables	3,600	–	–	3,600
Amounts due to directors	40	–	–	40
Amount due to the holding company	50	–	–	50
Lease liabilities	4,451	2,489	607	7,547
Bank loans	32,043	–	–	32,043
	40,184	2,489	607	43,280

Specifically, for bank loans contain a repayment on demand clause which can be exercised at the banks' sole discretion, the aforesaid analysis explains the cash outflows based on the earliest period in which the Target Group can be required to pay, that is if the lenders were to invoke the unconditional rights to call the loans with immediate effect.

The table below summaries the Target Group's remaining contractual maturity for its financial liabilities based on agreed schedule repayments.

	On demand or less than one year	Between one to two years	Between two to five years	Total undiscounted cash flow
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2017				
Trade and other payables	712	–	–	712
Bank loans	2,832	2,832	42,941	48,605
	3,544	2,832	42,941	49,317
As at 31 March 2018				
Trade and other payables	2,530	–	–	2,530
Amounts due to directors	16,774	–	–	16,774
Bank loans	17,236	2,197	6,591	26,024
	36,540	2,197	6,591	45,328
As at 31 March 2019				
Trade and other payables	2,364	–	–	2,364
Amounts due to directors	43	–	–	43
Amount due to the holding company	50	–	–	50
Bank loans	19,885	4,846	9,913	34,644
	22,342	4,846	9,913	37,101
As at 30 June 2019				
Trade and other payables	3,600	–	–	3,600
Amounts due to directors	40	–	–	40
Amount due to the holding company	50	–	–	50
Lease liabilities	4,611	2,531	621	7,763
Bank loans	19,885	4,846	8,702	33,433
	28,186	7,377	9,323	44,886

(iv) Interest rate risk

The Target Group's exposure to interest rate risk arises primarily from its bank loans. Bank loans obtained at variable rates expose the Target Group to cash flow interest rate risk.

As at 31 March 2017, 2018 and 2019 and 30 June 2019, if interest rates on bank loans had been 50 basis points higher/lower with all other variables held constant, the Target Group's profit after tax and retained profits would have been approximately HK$194,000, HK$104,000, HK$138,000 and HK$134,000 lower/higher, respectively mainly as a result of the Target Group's exposure to interest rates on its floating rate bank loans.

(v) Fair value

The carrying amounts of the financial assets and financial liabilities as shown in Note 5(a) above approximate their respective fair values.

(c) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Target Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Target Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(i) Disclosures of level in fair value hierarchy as at 31 March 2019 and 30 June 2019:

	Fair value measurement using level 3	
Description	**As at 31 March 2019** *HK$'000*	**As at 30 June 2019** *HK$'000*
Recurring fair value measurements:		
Financial assets at fair value through profit or loss		
Key management insurance policy	8,921	8,968

(ii) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at fair value through profit or loss Year ended 31 March 2019	Three months ended 30 June 2019
	HK$'000	*HK$'000*
As at beginning of year/period	–	8,921
Reclassified from loans and receivables upon initial application of HKFRS 9	8,046	–
Total gains recognised in profit or loss (#)	875	47
As at end of year/period	8,921	8,968
(#) Include gains for assets held at end of reporting period	875	47

Total gains recognised in profit or loss are presented in the line item "Other (losses)/gains" on the face of the consolidated statements of profit or loss and other comprehensive income.

(iii) Disclosure of valuation process used by the Target Group and valuation techniques and inputs used in fair value measurements as at 31 March 2019 and 30 June 2019:

The Target Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the directors of the Target Company for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and directors of the Target Company at each reporting date.

Level 3 fair value measurements:

Description	Valuation technique	Unobservable inputs	Range As at 31 March 2019	Range As at 30 June 2019	Fair value As at 31 March 2019	Fair value As at 30 June 2019
					HK$'000	*HK$'000*
Key management insurance policy	Discounted cash flow model	Discount rate	2.45%	2.41%	8,921	8,968
		Interest rate	4.00% to 4.07%	4.00% to 4.07%		

The fair value of key management insurance policy is determined using the discounted cash flow model. The duration of the cash flows and the specific timing of inflows and outflows are determined by conditions in accordance with the terms of the insurance contract. The periodic cash flow is estimated as gross redemption value and interest income less surrender charges. The series of periodic net income for the contracting period is then discounted.

The fair value measurement is negatively correlated to the discount rate. As at 31 March 2019 and 30 June 2019, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 1% would have increased/decreased the Target Group's profit after tax by approximately HK$918,000/HK$825,000 and HK$899,000/HK$810,000 respectively.

The fair value measurement is positively correlated to the interest rate. As at 31 March 2019 and 30 June 2019, it is estimated that with all other variables held constant, a decrease/increase in interest rate by 1% would have decreased/increased the Target Group's profit after tax by approximately HK$742,000/HK$802,000 and HK$746,000/HK$806,000 respectively.

6. REVENUE

An analysis of the Target Group's revenue (net of value-added tax, if any) for the year/period is as follows:

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interior design and execution services	67,737	61,384	69,000	16,937	15,961
Colour-rendering services	198	454	460	–	323
Handling services	157	2	350	274	–
	68,092	61,840	69,810	17,211	16,284

The amount of revenue from interior design and execution services recognised in the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019, from performance obligations satisfied or partially satisfied in previous periods due to changes in transaction price is nil, approximately HK$526,000, HK$1,053,000, nil (unaudited) and HK$505,000 respectively.

Handling services income represents income from the procurement of furniture or art pieces and other decorative items for customers which is recognised at a point in time.

Disaggregation of revenue from contracts with customers

In the following tables, revenue is disaggregated by geographical regions and timing of revenue recognition.

	Interior design and execution services	Other	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2017			
Geographical regions			
Hong Kong	55,353	355	55,708
Macau	3,415	–	3,415
Mainland China	3,142	–	3,142
Malaysia	2,733	–	2,733
Philippines	2,005	–	2,005
Sri Lanka	1,089	–	1,089
	67,737	355	68,092
Timing of revenue recognition			
Over time	67,627	–	67,627
At a point in time	110	355	465
	67,737	355	68,092
Year ended 31 March 2018			
Geographical regions			
Hong Kong	50,613	456	51,069
Macau	989	–	989
Mainland China	3,480	–	3,480
Malaysia	544	–	544
Philippines	3,488	–	3,488
Sri Lanka	2,270	–	2,270
	61,384	456	61,840
Timing of revenue recognition			
Over time	61,284	–	61,284
At a point in time	100	456	556
	61,384	456	61,840

	Interior design and execution services	Other	Total
	HK$'000	*HK$'000*	*HK$'000*
Year ended 31 March 2019			
Geographical regions			
Hong Kong	60,703	810	61,513
Japan	1,649	–	1,649
Macau	675	–	675
Mainland China	826	–	826
Malaysia	73	–	73
Philippines	3,594	–	3,594
Sri Lanka	500	–	500
Thailand	980	–	980
	69,000	810	69,810
Timing of revenue recognition			
Over time	69,000	–	69,000
At a point in time	–	810	810
	69,000	810	69,810
Three months ended 30 June 2018 (unaudited)			
Geographical regions			
Hong Kong	13,815	274	14,089
Japan	464	–	464
Macau	495	–	495
Mainland China	363	–	363
Malaysia	73	–	73
Philippines	1,357	–	1,357
Sri Lanka	370	–	370
	16,937	274	17,211
Timing of revenue recognition			
Over time	16,937	–	16,937
At a point in time	–	274	274
	16,937	274	17,211

	Interior design and execution services	Other	Total
	HK$'000	*HK$'000*	*HK$'000*
Three months ended 30 June 2019			
Geographical regions			
Hong Kong	15,164	323	15,487
Japan	342	–	342
Macau	6	–	6
Mainland China	161	–	161
Philippines	120	–	120
Thailand	168	–	168
	15,961	323	16,284
Timing of revenue recognition			
Over time	15,961	–	15,961
At a point in time	–	323	323
	15,961	323	16,284

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) as at 30 June 2019:

	Year ending 31 March 2020	Year ending 31 March 2021	After 31 March 2021	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interior design and execution services	53,935	53,486	30,428	137,849

The Target Group applies the practical expedient in paragraph 121(a) of the HKFRS 15 and does not disclose the information about remaining performance obligations that have original expected durations of one year or less.

The Target Group applies the practical expedient in paragraph C5(d) of HKFRS 15 and does not disclose the information about the amount of the transaction price allocated to the remaining performance obligations as of 31 March 2017, 2018 and 2019 and an explanation of when the Target Group expects to recognise that amount as revenue.

The Target Group applies the practical expedient in paragraph 63 of the HKFRS 15 and does not adjust the promised amount of consideration for the effects of a significant financing component if the Target Group expects, at contract inception, that the period between when the Target Group transfers a promised service to a customer and when the customer pays for that service will be one year or less.

7. OTHER INCOME

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Interest income on bank deposits	1	2	12	1	6
Interest income on key management insurance policy	135	29	–	–	–
Reversal of other payables	–	–	–	–	228
Sundry income	189	171	119	–	–
	325	202	131	1	234

8. OTHER (LOSSES)/GAINS

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Exchange (loss)/gain	(17)	155	2	(1)	(15)
Fair value gain on financial assets at fair value through profit or loss	–	–	875	59	47
Impairment losses of property, plant and equipment	–	–	–	–	(439)
(Loss)/Gain on disposal of property, plant and equipment	(538)	3,157	–	–	–
	(555)	3,312	877	58	(407)

9. SEGMENT INFORMATION

The Target Group's operating activities are attributable to a single operating segment focusing on interior design and execution services. This operating segment has been identified on the basis of internal reports, prepared in accordance with accounting policies which conform with HKFRSs, that are regularly reviewed by the chief operating decision maker ("CODM"), the directors of the Target Company. The CODM is responsible for making decision about resources allocation. The information provided to the CODM is the same as those disclosed in this Historical Financial Information. Accordingly, no reportable segment information is presented.

Geographical information:

Information about the Target Group's revenue from external customers is presented based on the location of the projects:

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Hong Kong	55,708	51,069	61,513	14,089	15,487
Japan	–	–	1,649	464	342
Macau	3,415	989	675	495	6
Mainland China	3,142	3,480	826	363	161
Malaysia	2,733	544	73	73	–
Philippines	2,005	3,488	3,594	1,357	120
Sri Lanka	1,089	2,270	500	370	–
Thailand	–	–	980	–	168
	68,092	61,840	69,810	17,211	16,284

All the Target Group's non-current assets are located in Hong Kong.

Information about major customers:

Revenue from transactions with external customers amounting to 10% or more of the Target Group's revenue are as follows:

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Customer a	21,265	14,746	23,942	5,605	6,091
Customer b	1,909	2,186	4,160	1,610	1,628
Customer c	7,203	4,532	2,598	1,411	251

Revenue was derived from services provided to the above respective customers including services provided to a group of entities which are known to be under common control with the above respective customers.

10. FINANCE COSTS

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest on lease liabilities	–	–	–	–	60
Interest on bank loans	316	873	1,244	321	295
	316	873	1,244	321	355

11. INCOME TAX

Income tax has been recognised in profit or loss as follows:

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax					
Hong Kong Profits Tax	3,916	3,243	3,136	714	461
Deferred tax *(Note 30)*					
Origination and reversal of temporary differences	326	(129)	(141)	(46)	(114)
Impact of change in tax rate	–	–	(13)	(21)	10
	4,242	3,114	2,982	647	357

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profits arising in Hong Kong for the Track Record Period.

On 29 March 2018, the Inland Revenue (Amendment) (No. 3) Ordinance 2018 was enacted. The Amendment Ordinance has introduced two-tiered profits tax rates for corporations by lowering the tax rate to 8.25% for the first HK$2 million of assessable profits with effect from the year of assessment 2018/19. Profits above that amount will continue to be subject to the tax rate of 16.5%. The two-tiered profits tax rates are applicable to the Target Group for the year ended 31 March 2019 and three months ended 30 June 2018 and 30 June 2019.

The reconciliation between the income tax and the product of profit before tax multiplied by Hong Kong Profits Tax rate is as follows:

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit before tax	25,403	19,589	20,148	5,442	3,216
Tax at Hong Kong Profits Tax rate of 16.5%	4,191	3,232	3,324	898	531
Tax effect of income that is not taxable	–	(26)	(147)	(10)	(47)
Tax effect of expenses that are not deductible	131	13	18	4	28
Tax effect of tax losses not recognised	–	–	25	1	–
Effect of different tax rate	–	–	(165)	(165)	(165)
Remeasurement of deferred tax – change in tax rate	–	–	(13)	(21)	10
Tax concession	(80)	(105)	(60)	(60)	–
Income tax	4,242	3,114	2,982	647	357

12. PROFIT FOR THE YEAR/PERIOD

The Target Group's profit for the year/period is stated after charging the following:

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Auditor's remuneration					
– Audit service	890	1,200	1,500	375	375
– Non-audit service	57	140	118	24	46
Contract cost assets recognised as expenses	2,462	890	518	150	17
Depreciation of property, plant and equipment	1,872	1,652	1,481	351	392
Depreciation of right-of-use assets*	–	–	–	–	1,122
Rental expenses relating to short-term leases*	–	–	–	–	261
Operating lease charges for leases previously classified as operating leases under HKAS 17*					
– Land and buildings (including director's quarter)	3,691	5,026	5,283	1,321	–
– Office equipment	190	274	391	90	–

* The Target Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances as at 1 April 2019 to recognise right-of-use asset (except for short-term leases) relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets as at 1 April 2019, the Target Group as a lessee is required to recognise depreciation of right-of-use-assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Comparative information is not restated.

13. EMPLOYEE BENEFIT EXPENSE

	Year ended 31 March			Three months ended 30 June	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Employee benefit expense (including directors' emoluments *(Note 14)*):					
Salaries, bonuses and allowances	28,224	30,464	33,868	8,350	8,602
Other benefits (represent rent paid)	348	344	348	87	87
Retirement benefit scheme contributions	1,064	1,130	1,267	308	317
	29,636	31,938	35,483	8,745	9,006

During the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019, employee benefit expense to fulfill contracts capitalised as contract cost assets amounted to approximately HK$792,000, HK$518,000, HK$254,000, HK$489,000 (unaudited) and HK$314,000 respectively.

Retirement benefit scheme contributions totalling approximately HK$184,000, HK$195,000, HK$214,000 and HK$202,000 were payable to the fund as at 31 March 2017, 2018 and 2019 and 30 June 2019 respectively.

Five highest paid individuals

The five highest paid individuals in the Target Group for the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019 included two directors whose emoluments are reflected in the analysis presented in Note 14 to the Historical Financial Information. The emoluments of the remaining three highest paid individuals during the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019 are as follows:

	Year ended 31 March			Three months ended 30 June	
	2017	2018	2019	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries, allowances and benefits	2,397	2,435	2,457	612	612
Discretionary bonuses	183	–	–	–	–
Retirement benefit scheme contributions	89	54	54	14	14
	2,669	2,489	2,511	626	626

The emoluments of the remaining three highest paid individuals fell within the following band:

	Year ended 31 March			Three months ended 30 June	
	2017	2018	2019	2018 (unaudited)	2019
Emolument band (in HK$)					
Nil to HK$1,000,000	3	3	3	3	3

No incentive payment for joining the Target Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019.

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	Fees	Salaries and allowances	Discretionary bonuses	Estimated money value of other benefits *(Note (i))*	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2017						
Mr. Norman Chan	–	855	65	–	36	956
Mr. Alex Lee	–	860	65	348	41	1,314
	–	1,715	130	348	77	2,270
Year ended 31 March 2018						
Mr. Norman Chan	–	1,300	–	–	18	1,318
Mr. Alex Lee	–	887	–	344	18	1,249
	–	2,187	–	344	36	2,567
Year ended 31 March 2019						
Mr. Norman Chan	–	1,302	–	–	18	1,320
Mr. Alex Lee	–	919	–	348	18	1,285
	–	2,221	–	348	36	2,605
Three months ended 30 June 2018 (unaudited)						
Mr. Norman Chan	–	326	–	–	4	330
Mr. Alex Lee	–	222	–	87	5	314
	–	548	–	87	9	644
Three months ended 30 June 2019						
Mr. Norman Chan	–	326	–	–	4	330
Mr. Alex Lee	–	222	–	87	5	314
	–	548	–	87	9	644

Mr. Norman Chan and Mr. Alex Lee were appointed as directors of the Target Company on 13 September 2017. The emoluments shown above represent emoluments received from the Target Group by these directors in their capacity as directors and/or employees of the companies comprising the Target Group during the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019.

During the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019, no directors waived or agreed to waive any emoluments.

Note:

(i) Estimated money value of other benefits represents rent paid.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Target Group's business to which the Target Company was a party and in which a director of the Target Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the Track Record Period or at any time during the Track Record Period.

15. DIVIDENDS

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interim dividend – BTR Asia to its then owner	–	1,000	600	–	–
Interim dividend – BTR HK to its then owners	–	41,000	7,000	–	–
Interim dividend – BTR Intl to its then owner	–	10,000	4,000	–	–
Interim dividend – BTR Workshop to its then owners	–	18,500	6,400	–	–
	–	70,500	18,000	–	–

On 25 October 2019, BTR HK, BTR Intl and BTR Workshop declared an interim dividend of HK$9,000,000, HK$2,020,000 and HK$8,000,000 respectively to the Target Company.

The Target Company was incorporated on 2 August 2017. No dividends had been paid or declared by the Target Company during the years ended 31 March 2018 and 2019 and the three months ended 30 June 2019. On 25 October 2019, the Target Company declared an interim dividend of HK$19,000,000 to Whistle Up.

The rates of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this report.

16. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful due to the reorganisation and the basis of presentation of the results of the Target Group for each of the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2018 and 2019 as explained in Note 1 to the Historical Financial Information.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost					
As at 1 April 2016	2,672	1,716	2,169	6,837	13,394
Additions	–	1,262	1,126	–	2,388
Disposals	(2,672)	(1,316)	(1,811)	–	(5,799)
As at 31 March 2017	–	1,662	1,484	6,837	9,983
Additions	828	319	915	–	2,062
Disposals	–	(15)	–	(6,560)	(6,575)
As at 31 March 2018	828	1,966	2,399	277	5,470
Additions	290	177	205	–	672
Disposals	–	(6)	–	–	(6)
As at 31 March 2019	1,118	2,137	2,604	277	6,136
Additions	–	–	25	–	25
As at 30 June 2019	1,118	2,137	2,629	277	6,161
Accumulated depreciation					
As at 1 April 2016	2,055	1,529	1,870	3,643	9,097
Charge for the year	150	215	282	1,225	1,872
Disposals	(2,205)	(1,274)	(1,782)	–	(5,261)
As at 31 March 2017	–	470	370	4,868	5,708
Charge for the year	171	318	639	524	1,652
Disposals	–	(3)	–	(5,129)	(5,132)
As at 31 March 2018	171	785	1,009	263	2,228
Charge for the year	361	365	741	14	1,481
Disposals	–	(6)	–	–	(6)
As at 31 March 2019	532	1,144	1,750	277	3,703
Charge for the period	110	95	187	–	392
Impairment losses	439	–	–	–	439
As at 30 June 2019	1,081	1,239	1,937	277	4,534
Carrying amount					
As at 31 March 2017	–	1,192	1,114	1,969	4,275
As at 31 March 2018	657	1,181	1,390	14	3,242
As at 31 March 2019	586	993	854	–	2,433
As at 30 June 2019	37	898	692	–	1,627

During the year ended 31 March 2018, the Target Group disposed of its motor vehicles with carrying amount of approximately HK$1,431,000 at a consideration of approximately HK$4,600,000 to Waldorf Holdings Limited ("Waldorf Holdings") which is a related company controlled by Mr. Norman Chan.

18. RIGHT-OF-USE ASSETS

	Office premises	Office equipment	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 March 2019	–	–	–
Impact on initial application of HKFRS 16	7,119	1,540	8,659
As at 1 April 2019	7,119	1,540	8,659
Depreciation for the period	(1,017)	(105)	(1,122)
As at 30 June 2019	6,102	1,435	7,537

19. KEY MANAGEMENT INSURANCE POLICY

(a) The Target Group entered into a life insurance policy with an insurance company to insure for Mr. Norman Chan in 2011. This policy is denominated in US$. Under the policy, the Target Group is the beneficiary and policy holder. There is a US$32,505 annual premium payable for 15 years, after which the policy is paid up.

The Target Group may request a surrender of this policy at any time and receive cash based on the cash value of the policy at the date of withdrawal, which is determined by the insurance company by reference to the accumulated premium paid, plus accumulated interest earned and minus accumulated insurance policy expenses charged and any surrender charge. The interest rate is determined by the insurance company on an annual basis.

On 21 September 2017, the Target Group disposed of this life insurance policy to Mr. Norman Chan at a consideration of approximately HK$1,911,000. Accordingly, as at 31 March 2017, the policy was classified under current assets.

(b) During the year ended 31 March 2018, the Target Group entered into another life insurance policy with an insurance company to insure for Mr. Norman Chan. This policy is denominated in US$. Under the policy, the Target Group is the beneficiary and policy holder. The Target Group paid a single premium of US$1,025,000 for the policy.

The Target Group may request a surrender of this policy at any time and receive cash based on the cash value of the policy at the date of withdrawal, which is determined by the insurance company by reference to the premium paid, plus accumulated interest earned and minus accumulated insurance policy expenses charged and any surrender charge. The amount of surrender charge decreases over time and is no longer required from the 10th year of contract conclusion onwards. The Target Group is entitled to interest at a rate of 4% per annum applied on the balance of the cash value for two years from the date of the payment of the premium. Commencing from the third year, the interest rate is 1.25% per annum plus a premium determined by the insurance company on an annual basis. After the first ten policy years, no guaranteed minimum interest rate is applied on the cash value.

On 1 April 2018, the Target Group adopted HKFRS 9, thus the key management insurance policy held by the Target Group was subsequently measured at fair value through profit or loss. The fair value of key management insurance policy as at 1 April 2018, 31 March 2019 and 30 June 2019 amounted to approximately HK$8,046,000, HK$8,921,000 and HK$8,968,000 respectively.

As at 31 March 2018 and 2019 and 30 June 2019, the Target Group's bank loans are secured by the key management insurance policy with carrying amount of approximately HK$8,046,000, HK$8,921,000 and HK$8,968,000 respectively as disclosed in Note 29 to the Historical Financial Information.

20. CONTRACT COST ASSETS

Contract cost assets represent fulfillment costs incurred prior to the contract establishment date for specifically anticipated contracts.

21. CONTRACT ASSETS/LIABILITIES

	As at 31 March			As at 30 June
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract assets	13,029	13,284	17,891	23,082
Contract liabilities	3,017	8,107	7,596	6,031

The contract assets represent the Target Group's rights to consideration for work completed but not billed at the respective reporting dates. The contract assets are transferred to trade receivables when the rights become unconditional other than the passage of time.

The contract liabilities primarily represent the advanced consideration received from customers for which revenue is recognised based on the progress towards complete satisfaction of the related services.

Significant changes in the contract assets and contract liabilities during the Track Record Period are as follows:

	Year ended 31 March						Three months ended 30 June	
	2017		2018		2019		2019	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities	Contract assets	Contract liabilities	Contract assets	Contracts liabilities
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year/period		891		2,687		6,351		3,232
Transfer from contract assets recognised at the beginning of the year/period to trade receivables	(18,779)		(12,694)		(12,226)		(4,410)	

During the years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2019, the cumulative catch-up adjustments to revenue (increase in revenue) affecting the corresponding contract asset or contract liability amounted to approximately HK$9,369,000, HK$4,317,000, HK$3,113,000 and HK$830,000 respectively.

As at 31 March 2017, 2018 and 2019 and 30 June 2019, the balances of contract assets amounting to approximately HK$335,000, HK$697,000, HK$467,000 and HK$552,000 respectively which are expected to be settled after one year.

22. TRADE AND OTHER RECEIVABLES

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	26,442	31,304	15,435	9,768
Prepayments, deposits and other receivables	831	1,785	1,852	1,716
	27,273	33,089	17,287	11,484

The Target Group has recognised the following trade receivables:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Arising from interior design and execution with customers	26,182	31,287	15,021	9,768
Arising from other sources of revenue	260	17	414	–
	26,442	31,304	15,435	9,768

The aging analysis of trade receivables based on invoice date is as follows:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	15,166	21,850	12,161	4,404
31 – 60 days	5,352	7,804	1,727	914
61 – 90 days	4,804	–	728	–
91 – 180 days	1,120	1,110	120	4,240
181 to 365 days	–	540	699	30
Over 365 days	–	–	–	180
	26,442	31,304	15,435	9,768

Trade receivables as at 30 June 2019 are either subsequently settled or there has not been a significant change in credit quality.

The carrying amounts of trade receivables are denominated in the following currencies:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	26,194	31,304	15,435	9,768
US$	248	–	–	–
	26,442	31,304	15,435	9,768

Trade receivables are due within 0 to 120 days from the date of billing. The Target Group does not hold any collateral over these balances. Trade receivables are non-interest bearing. As of 31 March 2017, 2018 and 2019 and 30 June 2019, trade receivables of approximately HK$23,957,000, HK$9,854,000, HK$3,274,000 and HK$5,364,000 respectively were past due. These relate to certain customers that have a good track record with the Target Group. Management is of the opinion that the balances are considered fully recoverable.

Since the adoption of HKFRS 9 on 1 April 2018, the Target Group applies the simplified approach to provide for expected credit losses which permits the use of the lifetime expected credit losses for all trade receivables. As at 31 March 2019 and 30 June 2019, the expected losses rate for customers is minimal, given there is no history of significant defaults from customers. Therefore, there is no loss allowance for trade receivables was recognised.

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
1 – 30 days	13,111	8,204	1,727	914
31 – 60 days	5,172	–	728	8
61 – 90 days	4,554	1,005	120	3,743
91 – 180 days	1,120	105	–	519
181 – 365 days	–	540	699	180
	23,957	9,854	3,274	5,364

23. AMOUNT DUE FROM A DIRECTOR/AMOUNT DUE FROM A RELATED COMPANY

(a) Amount due from a director

					Maximum amount outstanding during the year/period ended			
	As at 31 March			As at 30 June	31 March			30 June
Name	**2017**	**2018**	**2019**	**2019**	**2017**	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Norman Chan	57,402	–	–	–	57,402	69,472	–	–

The amount due from a director, denominated in HK$, is non-trade in nature, unsecured, interest-free and repayable on demand.

(b) Amount due from a related company

Name	As at 31 March 2017	2018	2019	As at 30 June 2019	Maximum amount outstanding during the year/period ended 31 March 2017	2018	2019	30 June 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Waldorf Holdings	–	–	–	–	19,721	4,818	–	–

The above related company is controlled by Mr. Norman Chan.

The amount due from a related company, denominated in HK$, is unsecured, interest-free and repayable on demand. Apart from lease of office premises from Waldorf Holdings and disposal of property, plant and equipment to Waldorf Holdings (Note 36(a) to the Historical Financial Information), the balance with Waldorf Holdings is non-trade in nature.

Pursuant to four deeds of novation dated 31 March 2017, the Target Group released and discharged Waldorf Holdings from all its obligations and liabilities to the Target Group in respect of the debt due from Waldorf Holdings of approximately HK$17,448,000 (the "Debt") and accepted Mr. Norman Chan to assume all obligations and liabilities in respect of the Debt; whereas Mr. Norman Chan undertook to the Target Group and Waldorf Holdings to assume all the obligations and liabilities of Waldorf Holdings and to satisfy all claims and demands whatever arising out of or in respect of the Debt.

24. BANK AND CASH BALANCES

The carrying amounts of bank and cash balances are denominated in the following currencies:

	As at 31 March 2017	2018	2019	As at 30 June 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	21,823	17,682	17,521	21,008
US$	3,832	1,908	1,911	1,900
RMB	687	3	3	3
JPY	–	–	823	841
	26,342	19,593	20,258	23,752

25. TRADE AND OTHER PAYABLES

	As at 31 March 2017	2018	2019	As at 30 June 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	24	–	–	–
Accruals and other payables	1,964	3,753	3,616	4,673
	1,988	3,753	3,616	4,673

Trade payable are due within 0 to 30 days from the date of billing.

The aging analysis of trade payables based on invoice date is as follows:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	24	–	–	–

The carrying amounts of trade and other payables are denominated in the following currencies:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$	1,988	3,753	3,554	4,489
NT$	–	–	62	184
	1,988	3,753	3,616	4,673

26. AMOUNTS DUE TO DIRECTORS/AMOUNT DUE TO A RELATED COMPANY

(a) Amounts due to directors

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Mr. Norman Chan	–	14,696	26	26
Mr. Alex Lee	–	2,078	17	14
	–	16,774	43	40

The amounts due to directors, denominated in HK$, are non-trade in nature, unsecured, interest-free and repayable on demand.

(b) Amount due to a related company

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Room Limited ("Room")	–	–	–	–

The above related company is controlled by Mr. Norman Chan.

The amount due to a related company, denominated in HK$, is trade in nature, unsecured, interest-free and repayable on demand.

Pursuant to two deeds of novation and two deeds of assignment dated 31 March 2017 respectively, Room and the Target Group agreed to transfer all the amounts due from/to Room to Mr. Norman Chan. As such, all the obligations and liabilities of the net sum of approximately HK$310,000 due by the Target Group were assumed by Mr. Norman Chan accordingly.

27. AMOUNT DUE TO THE HOLDING COMPANY

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Whistle Up	–	–	50	50

The amount due to the holding company, denominated in HK$, is non-trade in nature, unsecured, interest-free and repayable on demand.

28. LEASE LIABILITIES

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Minimum lease payments due				
– Within one year	–	–	–	4,611
– More than one year, but not more than two years	–	–	–	2,531
– More than two years, but not more than five years	–	–	–	621
	–	–	–	7,763
Less: future interest expenses	–	–	–	(216)
	–	–	–	7,547
Current lease liabilities	–	–	–	4,451
Non-current lease liabilities	–	–	–	3,096
	–	–	–	7,547

The Target Group leases office premises and office equipment for operations. Upon the adoption of HKFRS 16 on 1 April 2019, these liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid.

29. BANK LOANS

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Secured	46,360	25,000	23,149	22,676
Unsecured	–	–	9,927	9,367
	46,360	25,000	33,076	32,043

The bank loans are repayable as follows:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Portion due for repayment within one year	1,960	16,853	19,195	19,238
Portion due for repayment after one year but contains a repayment on demand clause	44,400	8,147	13,881	12,805
Within one year or on demand (shown under current liabilities)	46,360	25,000	33,076	32,043

Bank loans due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

Bank loans due for repayment, based on the scheduled repayment dates set out in the banking facilities letters without taking into account the effect of any repayment on demand clause, are as follows:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	1,960	16,853	19,195	19,238
More than one year, but not more than two years	1,998	1,923	4,370	4,414
More than two years, but not more than five years	42,402	6,224	9,511	8,391
	46,360	25,000	33,076	32,043

The bank loans as at 31 March 2017 are secured by:

(a) a charge over properties owned by Waldorf Holdings;

(b) a corporate guarantee executed by Waldorf Holdings; and

(c) a personal guarantee from Mr. Norman Chan.

The Target Group is subject to the maintenance of a specified ratio of its liabilities under the banking facilities granted to the Target Group during the year ended 31 March 2017 to the market value of the charged properties at or below 80%. If such percentage is exceeded at any time, the bank shall on demand, at the option of the bank, for partial repayment of the outstanding loan amount in order to restore the required ratio. During the period from the inception of the loans and up to the date of full repayment of the loans, the Target Group complied with the aforesaid requirement.

The bank loans as at 31 March 2018 are secured by:

(a) an assignment of the Target Group's key management insurance policy (Note 19(b));

(b) a corporate guarantee executed by Waldorf Holdings; and

(c) a personal guarantee from Mr. Norman Chan.

As at 31 March 2019 and 30 June 2019, the bank loans of approximately HK$23,149,000 and HK$22,676,000 respectively are secured by:

(a) an assignment of the Target Group's key management insurance policy (Note 19(b));

(b) a corporate guarantee executed by Waldorf Holdings; and

(c) a personal guarantee from Mr. Norman Chan.

As at 31 March 2019 and 30 June 2019, the bank loans of approximately HK$9,927,000 and HK$9,367,000 respectively are guaranteed under:

(a) a personal guarantee from Mr. Norman Chan; and

(b) a financing guarantee from The Hong Kong Mortgage Corporation Limited.

The bank loans denominated in HK$, are arranged at variable interest rates, thus exposing the Target Group to cash flow interest rate risk. The effective interest rates as at the respective reporting dates are as follows:

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
Variable-rate loans				
Effective interest rates per annum	1.94%	1.85% – 3.75%	1.98% – 4.21%	1.98% – 4.21%

The directors of the Target Company estimate that the carrying amounts of the Target Group's bank loans are not materially different from their fair values as at 31 March 2017, 2018 and 2019 and 30 June 2019.

30. DEFERRED TAX

The following are the deferred tax liabilities/(assets) recognised by the Target Group during the Track Record Period:

	Accelerated tax depreciation	**Deductible tax depreciation**	**Right-of-use assets**	**Lease liabilities**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2016	169	(76)	–	–
Charge to profit or loss *(Note 11)*	254	72	–	–
As at 31 March and 1 April 2017	423	(4)	–	–
(Credit)/Charge to profit or loss *(Note 11)*	(133)	4	–	–
As at 31 March and 1 April 2018	290	–	–	–
Credit to profit or loss *(Note 11)*	(154)	–	–	–
As at 31 March 2019	136	–	–	–
Impact on initial application of HKFRS 16	–	–	1,296	(1,296)
As at 1 April 2019	136	–	1,296	(1,296)
(Credit)/Charge to profit or loss *(Note 11)*	(99)	(1)	(168)	164
As at 30 June 2019	37	(1)	1,128	(1,132)

The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	As at 31 March			As at 30 June
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax liabilities	423	290	136	33
Deferred tax (assets)	(4)	–	–	(1)
	419	290	136	32

As at 31 March 2019 and 30 June 2019, the Target Group has unused tax losses of approximately HK$152,000 and HK$152,000 respectively available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unused tax losses will be carried forward indefinitely.

31. SHARE CAPITAL

For the purpose of the Historical Financial Information, the share capital, as at the below respective reporting dates, represents the aggregate paid up share capital of the below companies attributable to the Target Group prior to the reorganisation.

	As at 31 March		
	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*
Target Company	–	–	–
BTR Asia	8	8	8
BTR HK	1	1	1
BTR Intl	10	10	10
BTR Workshop	200	200	200
	219	219	219

For the purpose of the Historical Financial Information, the share capital as at 30 June 2019 represents the paid up share capital of the Target Company. Details of the Target Company's share capital are as follows:

	Number of ordinary shares	Nominal value of ordinary shares
		US$'000
Authorised:		
Ordinary shares of US$1 each		
Upon incorporation on 2 August 2017, as at 31 March 2018 and 2019 and 30 June 2019 ordinary shares of US$1 each	50,000	50

	Number of ordinary shares	Nominal value of ordinary shares
		HK$'000
Issued and fully paid:		
Ordinary shares of US$1 each		
One share was issued and allotted on 13 September 2017	1	–
Issue of shares upon reorganisation	6	–
As at 30 June 2019	7	– *

* As at 30 June 2019, the amount of the Target Company's share capital is less than HK$1,000.

The Target Company was incorporated in the BVI on 2 August 2017 as a limited liability company with an authorised share capital of US$50,000 divided into 50,000 shares with a par value of US$1 each. On 13 September 2017, one share of the Target Company was issued and allotted at par.

On 26 April 2019, the Target Company issued and allotted 6 ordinary shares of US$1 each at par (Note 1).

Capital management

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Target Group may adjust the amount of dividends to owners, issue new shares or sell assets.

The Target Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statements of financial position, plus net debt, where applicable.

The gearing ratios are as follows:

	As at 31 March			As at 30 June
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowings	46,360	41,774	33,169	32,133
Lease liabilities	–	–	–	7,547
Less: cash and cash equivalents	(26,342)	(19,593)	(20,258)	(23,752)
Net debt	20,018	22,181	12,911	15,928
Equity	75,329	21,304	20,470	23,329
Total capital	95,347	43,485	33,381	39,257
Gearing ratio	21%	51%	39%	41%

The Target Group is subject to the maintenance of a specified ratio under the banking facilities granted to the Target Group during the year ended 31 March 2017. Details of which are set out in Note 29 to the Historical Financial Information.

32. RESERVES

The amounts of the Target Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statements of changes in equity.

Other reserve

The other reserve of the Target Group represents the difference between the nominal value of share capital of BTR Asia, BTR HK, BTR Intl and BTR Workshop acquired pursuant to the reorganisation over the nominal value of the share capital of the Target Company issued in exchange therefor.

33. FINANCIAL INFORMATION OF THE TARGET COMPANY

(a) Amount due to a director of the Target Company

The amount due to a director, Mr. Norman Chan, denominated in HK$, is non-trade in nature, unsecured, interest-free and repayable on demand.

(b) Amount due to the holding company of the Target Company

The amount due to the holding company, Whistle Up, denominated in HK$, is non-trade in nature, unsecured, interest-free and repayable on demand.

34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

Year ended 31 March 2017

As detailed in Note 23 to the Historical Financial Information, on 31 March 2017, the Target Group released and discharged Waldorf Holdings from all its obligations and liabilities in respect of the debt due from Waldorf Holdings of approximately HK$17,448,000 and accepted Mr. Norman Chan to assume all obligations and liabilities in the same amount.

As detailed in Note 26 to the Historical Financial Information, on 31 March 2017, Room transferred all its rights and interests in the amount due by the Target Group of approximately HK$310,000 to Mr. Norman Chan.

Year ended 31 March 2018

In July 2017, the Target Group disposed of its property, plant and equipment with carrying amount of approximately HK$1,431,000 to Waldorf Holdings at a consideration of approximately HK$4,600,000. The consideration was satisfied by setting off against the same amount from the amount due to Waldorf Holdings.

During the year ended 31 March 2018, the Target Group disposed of its key management insurance policy with carrying amount of approximately HK$1,911,000 to Mr. Norman Chan at a consideration of approximately HK$1,911,000. The consideration was satisfied by setting off against the same amount from the amount due to Mr. Norman Chan.

During the year ended 31 March 2018, the repayment of the Target Group's bank loans of approximately HK$44,764,000 and interest thereon of approximately HK$69,000 were settled by Waldorf Holdings on behalf of the Target Group.

On 30 January 2018, BTR HK, BTR Intl and BTR Workshop declared an interim dividend of HK$41,000,000, HK$4,000,000 and HK$15,000,000 respectively to their owners. The dividend declared of approximately HK$57,950,000 was settled through offsetting the same amount due from Mr. Norman Chan. The remaining dividend declared of approximately HK$2,050,000 was unsettled as at 31 March 2018 and recorded in the Target Group's amount due to Mr. Alex Lee. During the year ended 31 March 2019, such amount due to Mr. Alex Lee was settled.

Pursuant to a deed of novation and a deed of assignment dated 31 March 2018 respectively, Waldorf Holdings and the Target Group agreed to transfer all the amounts due from/to Waldorf Holdings to Mr. Norman Chan. As such, all the obligations and liabilities of the net sum of approximately HK$26,282,000 due by the Target Group were assumed by Mr. Norman Chan accordingly.

(b) Reconciliation of liabilities from financing activities

	Amounts due to directors	Amount due to a related company	Amount due to the holding company	Lease liabilities	Bank loans
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2016	5,040	171	–	–	–
Cash flows	(5,040)	139	–	–	46,360
Non-cash changes	–	(310)	–	–	–
As at 31 March 2017 and 1 April 2017	–	–	–	–	46,360
Cash flows	28	–	–	–	23,404
Non-cash changes	16,746	–	–	–	(44,764)
As at 31 March 2018 and 1 April 2018	16,774	–	–	–	25,000
Cash flows	(16,731)	–	50	–	6,832
Interest expenses	–	–	–	–	1,244
As at 31 March 2019	43	–	50	–	33,076
Impact on initial application of HKFRS 16	–	–	–	8,640	–
As at 1 April 2019	43	–	50	8,640	33,076
Cash flows	(3)	–	–	(1,153)	(1,328)
Interest expenses	–	–	–	60	295
As at 30 June 2019	40	–	50	7,547	32,043
As at 31 March 2018 and 1 April 2018	16,774	–	–	–	25,000
Cash flows	(10,317)	–	–	–	10,793
Interest expenses	–	–	–	–	321
As at 30 June 2018 (unaudited)	6,457	–	–	–	36,114

35. LEASE COMMITMENTS

As at 31 March 2017, 2018 and 2019, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 March		
	2017	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	219	5,587	4,387
In the second to fifth years inclusive	269	5,442	1,414
	488	11,029#	5,801#

Included in the above operating lease commitments, as at 31 March 2018 and 2019, are amounts of approximately HK$1,845,000 and HK$1,054,000 respectively in respect of the office premises under a tenancy agreement, originally for a term of three years commencing from 1 August 2017 and expiring on 31 July 2020, a surrender agreement was entered into on 16 August 2019 for early termination of the tenancy agreement with effect from 31 July 2019, without payment of compensation to the landlord.

The Target Group is the lessee in respect of certain office premises, director's quarter and office equipment held under leases which were previously classified as operating leases under HKAS 17. The Target Group has initially applied HKFRS 16 using the modified retrospective approach under which the Target Group adjusted the opening balances as at 1 April 2019 for recognition of lease liabilities.

From 1 April 2019 onwards, future lease payments are recognised as lease liabilities (except for short-term leases and leases of low-value assets) in the consolidated statements of financial position in accordance with the accounting policies set out in Note 3(d).

As at 30 June 2019, the Target Group's lease commitments for non-cancellable short-term leases amounted to approximately HK$95,000.

36. RELATED PARTY TRANSACTIONS

The directors of the Target Company are of the view that during the Track Record Period, transactions with the following parties are considered as related party transactions:

Name of related party	**Relationship with the Target Group**
Room	Controlled by Mr. Norman Chan
Waldorf Holdings	Controlled by Mr. Norman Chan
H. S. Chan Company Limited	Controlled by a close family member of Mr. Norman Chan

In addition to those related party transactions and balances disclosed in Notes 14, 17, 19, 23, 26, 27, 29 and 34 to the Historical Financial Information, the Target Group's related party transactions during the Track Record Period are as follows:

(a) Transactions and balances with related parties

		Year ended 31 March			Three months ended 30 June	
		2017	**2018**	**2019**	**2018**	**2019**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Office rental paid to Waldorf Holdings		2,274	4,176	4,176	1,044	1,044
Cleaning expense to H. S. Chan Company Limited		15	17	21	4	3
Sales proceeds from the disposal of property, plant and equipment (motor vehicles) to Waldorf Holdings	(i)	–	4,600	–	–	–
Sales proceeds from the disposal of key management insurance policy to Mr. Norman Chan	(ii)	–	1,911	–	–	–

	As at 31 March			As at 30 June
	2017	**2018**	**2019**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Rental deposit to Waldorf Holdings	–	696	696	696

All the above transactions and balances were conducted on terms and conditions mutually agreed with the related parties.

Note:

(i) A gain on disposal of property, plant and equipment of approximately HK$3,169,000 was resulted from the disposal.

(ii) The Target Group disposed of its key management insurance policy with carrying amount of approximately HK$1,911,000 to Mr. Norman Chan at a consideration of approximately HK$1,911,000.

(b) Key management personnel compensation

Directors are the key management personnel of the Target Group whose emoluments are disclosed in Note 14 to the Historical Financial Information. The emoluments of directors and other key management personnel of the Target Group are as follows:

	Year ended 31 March			Three months ended 30 June	
	2017	**2018**	**2019**	**2018**	**2019**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000* *(unaudited)*	*HK\$'000*
Salaries and allowances	2,570	3,091	3,121	770	770
Discretionary bonuses	195	–	–	–	–
Other benefits (represent rent paid)	348	344	348	87	87
Retirement benefit scheme contributions	113	54	54	13	13
	3,226	3,489	3,523	870	870

The emoluments of key management personnel is determined by the directors of the Target Company having regard to the respective responsibilities of the individuals, the performance of the Target Group and market trends.

(c) Other arrangements with related parties

Business card credit facilities available to the Target Group were guaranteed by Mr. Norman Chan as at 31 March 2017 and 2018. Since 27 June 2018, the Target Group had no business card credit facilities in place. Accordingly, the personal guarantee from Mr. Norman Chan was released during the year ended 31 March 2019.

37. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 30 June 2019.

On 25 October 2019, BTR HK, BTR Intl and BTR Workshop declared an interim dividend of HK\$9,000,000, HK\$2,020,000 and HK\$8,000,000 respectively to the Target Company.

On 25 October 2019, the Target Company declared an interim dividend of HK\$19,000,000 to Whistle up.

38. SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Target Company or any of the companies comprising the Target Group in respect of any period subsequent to 30 June 2019 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or paid by the Target Company or any of the companies now comprising the Target Group in respect of any period subsequent to 30 June 2019.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

A summary of the results and the assets and liabilities of the Group as extracted from the relevant annual audited reports of the Company for the years ended 31 March 2017, 2018 and 2019 and the unaudited first quarterly report of the Company for the three months ended 30 June 2019 is set out below:

Results

	For the three months ended 30 June	**For the year ended 31 March**		
	2019	**2019**	**2018**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
Continuing operations				
Revenue	8,073	35,837	40,791	84,730
Loss from operations	(4,748)	(32,495)	(11,169)	56,383
Finance costs	(16,156)	(61,233)	(53,605)	(50,580)
Loss before tax	(20,904)	(93,728)	(64,774)	5,803
Income tax credit/(expenses)	–	(64)	1,946	(3,117)
(Loss)/Profit for the year	(20,904)	(93,792)	(62,828)	2,686
(Loss)/Profit for the year from discontinued operations	58	13,978	(13,264)	–
Other comprehensive income/(expenses) for the year, net of tax	216	(527)	5,049	(869)
Total comprehensive (expenses)/income for the year	(20,630)	(80,341)	(71,043)	1,817
Profit for the year attributable to:				
Owners of the Company	–	–	–	2,686
Non-controlling interests	–	–	–	–
	–	–	–	2,686
Total comprehensive income/(expenses) for the year attributable to:				
Owners of the Company	–	–	–	1,819
Non-controlling interests	–	–	–	(2)
	–	–	–	1,817

Assets, liabilities and non-controlling interests

	As at 31 March		
	2019	**2018**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*
Total assets	54,079	122,211	138,135
Total liabilities	(544,056)	(532,242)	(486,912)
Non-controlling interests	–	653	10,442
Total equity	(489,977)	(409,378)	(338,335)

Notes:

(i) The Group has not declared any dividends during the three years ended 31 March 2017, 2018 and 2019 and the three months ended 30 June 2019.

(ii) For each of the year ended 31 March 2017, 2018 and 2019, a disclaimer of opinion was issued by Elite Partners CPA Limited ("**Elite Partners**"), the auditors of the Company, on the financial statements of the Company Details of the disclaimer of opinion were set out in the Company's annual reports for each of the year ended 31 March 2017, 2018 and 2019 which were extracted and included in this Appendix IV.

2. MODIFICATIONS TO THE OPINION IN THE INDEPENDENT AUDITOR'S REPORTS

Set out below is the reproduction of the qualified opinion issued by Elite Partners on the consolidated financial statements of the Company for the three years ended 31 March 2017, 2018 and 2019, respectively, which are contained in the annual reports of the Company for each of the year ended 31 March 2017, 2018 and 2019, respectively.

(i) In respect of the consolidated financial statements of the Company for the year ended 31 March 2019

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Union Asia Enterprise Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 79 to 210, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our audited report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

(a) Opening balances and comparative information

As detailed in our auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2018, dated 1 June 2018, we expressed a disclaimer opinion on the consolidated statements of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended due to various limitations in evidence available to us in relation to the matters described in (i) and in paragraphs (b) and (c) below.

(i) Deconsolidation of subsidiaries

During the year ended 31 March 2017, the Group was unable to locate complete set of books and records of two of its subsidiaries, i.e. 寰亞宏華商貿（北京）有限責任公司 and 宏華加業商貿（上海）有限公司 ("Deconsolidated Subsidiaries"). In the opinion of the Board of Directors of the Company, the controls over the Deconsolidated Subsidiaries were lost. Accordingly, the financial performance and the assets and liabilities of the Deconsolidated Subsidiaries had been de-consolidated from the consolidated financial statements of the Group with effective from 31 March 2017.

During the year ended 31 March 2018, the Group was still unable to locate the complete to locate complete set of books and records of Deconsolidated Subsidiaries.

Given the circumstances described above, as detailed in our auditor's report for the year ended 31 March 2018, the scope of our audit work was limited.

Any adjustments found to be necessary in respect of the matter described in (i) above might have a significant effect on the consolidated statements of financial position as at 31 March 2018, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 March 2018 and hence may affect the comparability of the current year's figures and the corresponding figures in these statements.

(b) Misuse of Company funds from disposal of leasehold property

During the year ended 31 March 2017, Evotech (Asia) Pte. Limited ("Evotech"), an indirect wholly owned subsidiary of the Company entered into an agreement with Jurong Town Corporation ("JTC") of the Singapore government, without the knowledge, consent or approval by the Board of Directors of the Company, to surrender a leasehold property to JTC at the consideration of Singapore dollar ("S$") 5,620,000 (equivalent of approximately HK$32,232,000) excluding goods and services tax in Singapore ("Transaction"). To the best knowledge of the Directors, the net proceeds received from the Transaction ("Proceeds") were used for (i) settlement of bank borrowing of Evotech of approximately S$1,362,000 (equivalent to approximately HK$7,700,000); (ii) fund transfer to Kesterion Investment Limited, a former substantial shareholder of the Company of approximately US$570,000 and S$1,600,000 (equivalent to approximately HK$13,399,000); (iii) fund transfers to Koh Tat Lee, a former director of the Company and two independent third parties namely Yao Jun and Yew Eng Piow, of approximately US$500,000 and S$685,000 (equivalent to approximately HK$7,677,000) ((ii) to (iii) referred to as the "Fund Transfers") and the remaining balance of the Proceeds were used as working capital of the Group.

During the year ended 31 March 2018, these limitation was unresolved and our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2018 was disclaimed accordingly.

During the year ended 31 March 2019, the formal judgement was released by the trial judge who ruled in favour of Evotech against Mr. Koh and Lily Bey jointly and severally in the total sum claimed by Evotech with interests running on each of these sums.

Under this circumstance, the directors of the Company considered that the Company has the right to recover the Fund Transfer together with the interest and consequentially, the amounts of approximately HK$23,758,000 has been accounted for as other receivables in the consolidated statement of financial position as at 31 March 2019.

However, we have not been provided with sufficient appropriate audit evidence to satisfy ourselves that the recoverability for the balances of these other receivables of approximately HK$23,758,000 as at 31 March 2019 were free from material misstatements. Any adjustments that might have been found necessary will have an effect on the consolidated statement of financial position as at 31 March 2019, and consequently financial performance and cash flows of the Group for the year ended 31 March 2019 and the related disclosures thereof in the consolidated financial statements.

(c) Material uncertainty in relation to going concern basis

We draw attention to note 2 in the consolidated financial statements of the Group which indicates that the Group incurred a loss for the year of approximately HK$79,814,000 during the year ended 31 March 2019. As at the same date, the Group incurred net current liabilities and net liabilities of approximately HK$130,546,000 and approximately HK$489,977,000 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In forming our opinion, we have considered the disclosures made in note 2 to the consolidated financial statements which explains that a proposal for resumption of trading in the Company's shares and the restructuring of the Group has been submitted to The Stock Exchange of Hong Kong Limited to pursue a restructuring of the Company. The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. In view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

(ii) In respect of the consolidated financial statements of the Company for the year ended 31 March 2018

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Union Asia Enterprise Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 74 to 194 of the annual report of the Company for the year ended 31 March 2018, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our audited report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

a) Misuse of Company funds from disposal of leasehold property

During the year ended 31 March 2017, Evotech (Asia) Pte. Limited ("Evotech"), an indirect wholly owned subsidiary of the Company entered into an agreement with Jurong Town Corporation ("JTC") of the Singapore government, without the knowledge, consent or approval by the Board of Directors of the Company, to surrender a leasehold property to JTC at the consideration of Singapore dollar ("S$") 5,620,000 (equivalent of approximately HK$32,232,000) excluding goods and services tax in Singapore ("Transaction"). To the best knowledge of the Directors, the net proceeds received from the Transaction ("Proceeds") were used for (i) settlement of bank borrowing of Evotech of approximately S$1,362,000 (equivalent to approximately HK$7,700,000); (ii) fund transfer to Kesterion Investment Limited, a former substantial shareholder of the Company of approximately US$570,000 and S$1,600,000 (equivalent to approximately HK$13,399,000); (iii) fund transfers to Koh Tat Lee, a former director of the Company and two independent third parties namely Yao Jun and Yew Eng Piow, of approximately US$500,000 and S$685,000 (equivalent to approximately HK$7,677,000) ((ii) to (iii) referred to as the "Fund Transfers") and the remaining balance of the Proceeds were used as working capital of the Group.

In the opinion of the Board of Directors of the Company, the Proceeds were misused. Under this circumstance, the directors of the Company considered that the Company has the right to recover the Fund Transfer together with the interest and consequentially, the amounts of approximately HK$23,758,000 and HK$21,076,000 has been accounted for as other receivables in the consolidated statement of financial position as at 31 March 2018 and 31 March 2017.

Due to the irregular nature of the Transaction, we were unable to obtain sufficient appropriate audit evidence of the Transaction and the usage of the Proceeds, including but not limited to (i) the Company's board resolution of approval for the Transaction; (ii) the Company's board resolution of approval for the usage of the corresponding Proceeds; and (iii) direct confirmation from each of the recipient of the Fund Transfers to confirm the nature of the Fund Transfers and the outstanding balances of each recipient Fund Transfers as at 31 March 2018. Accordingly, we were unable to verify the validity, classification and nature of these balances.

Given the circumstances described above, the scope of our audit work was limited and there was no other alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the Transaction and the usage of corresponding Proceeds were properly authorised and approved by the Board of Directors; and (ii) the validity, classification, nature and recoverability for the balances of other receivables of approximately HK$23,758,000 due from the recipient of the Fund Transfers as at 31 March 2018 were free from material misstatement. Any adjustments that might have been found necessary will have an effect on the consolidated statement of financial position as at 31 March 2018, and consequently financial performance and cash flows of the Group for the year ended 31 March 2018 and the related disclosures thereof in the consolidated financial statements.

In our audit of the consolidated financial statements of the Group for the year ended 31 March 2017, we experienced the same limitation as mentioned above. Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2017 was disclaimed accordingly. These limitations were unresolved this year. As the auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2017 formed the basis for the corresponding figures presented in the current year's consolidated financial statements, any adjustments found to be necessary in respect of the carrying amount of the other receivables would have a significant effect on the opening balances on the consolidated financial position of the Group as at 31 March 2018 and the related disclosures thereof in the consolidated financial statements of the Group for the year ended 31 March 2018.

b) Deconsolidation of subsidiaries

During the year ended 31 March 2017, the Group was unable to locate complete set of books and records of two of its subsidiaries, i.e. 寰亞宏華商貿(北京)有限責任公司 and 宏華加業商貿(上海)有限公司 ("Deconsolidated Subsidiaries"). In the opinion of the Board of Directors of the Company, the controls over the Deconsolidated Subsidiaries were lost. Accordingly, the financial performance and the assets and liabilities of the Deconsolidated Subsidiaries had been de-consolidated from the consolidated financial statements of the Group with effective from 31 March 2017 and a loss on deconsolidation of Deconsolidated Subsidiaries of approximately HK$6,151,000 was recorded in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017. During the year ended 31 March 2018, the Group was still unable to locate the complete to locate complete set of books and records of Deconsolidated Subsidiaries.

Given the circumstances described above, the scope of our audit work was limited and there was no other alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to satisfy ourselves to (i) the timing and whether it was appropriate to deconsolidate the assets and liabilities of the Deconsolidated Subsidiaries; (ii) the transaction of the Deconsolidated Subsidiaries during the years ended 31 March 2017 and 2018 and the balances of assets and liabilities of the Deconsolidated Subsidiaries as at the date of deconsolidation were properly recorded and free from material misstatements; and (iii) any contingent liabilities, commitments, related party transactions and significant subsequent events relating to the Deconsolidated Subsidiaries and the related disclosure thereof. Any adjustments that might have been found necessary will have an effect on the consolidated statement of financial position as at 31 March 2018, and consequently financial performance and cash flows of the Group for the year ended 31 March 2018 and the related disclosures thereof in the consolidated financial statements.

In our audit of the consolidated financial statements of the Group for the year ended 31 March 2017, we experienced the same limitation as mentioned above. Our audit opinion on the consolidated financial statements of the Group for the year ended 31 March 2017 was disclaimed accordingly. These limitations were unresolved this year. As the auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2017 formed the basis for the corresponding figures presented in the current year's consolidated financial statements, any adjustments found to be necessary in respect of the carrying amount of the other receivables would have a significant effect on the opening balances on the consolidated financial position of the Group as at 31 March 2018 and the related disclosures thereof in the consolidated financial statements of the Group for the year ended 31 March 2018.

c) Material uncertainty in relation to going concern basis

We draw attention to note 2 in the consolidated financial statements of the Group which indicates that the Group incurred a loss for the year of approximately HK$76,092,000 during the year ended 31 March 2018. As at the same date, the Group incurred net current liabilities and net liabilities of approximately HK$119,652,000 and approximately HK$410,031,000 respectively. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In forming our opinion, we have considered the disclosures made in note 2 to the consolidated financial statements which explains that a proposal for resumption of trading in the Company's shares and the restructuring of the Group has been submitted to The Stock Exchange of Hong Kong Limited to pursue a restructuring of the Company. The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Group will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. In view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

(iii) In respect of the consolidated financial statements of the Company for the year ended 31 March 2017

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Union Asia Enterprise Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 226, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our audited report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

a) Misuse of Company funds from disposal of leasehold property

As disclosed in note 44(1), on 6 April 2016, Evotech (Asia) Pte. Limited ("Evotech"), an indirect wholly owned subsidiary of the Company entered into an agreement with Jurong Town Corporation ("JTC") of the Singapore government, without the knowledge, consent or approval by the Company, to surrender a leasehold property to JTC at the consideration of Singapore dollar ("S$") 5,620,000 (equivalent of approximately HK$32,232,000) excluding goods and services tax in Singapore ("Transaction"). To the best knowledge of the Directors, the net proceeds received from the Transaction ("Proceeds") were used for (i) settlement of bank borrowing of Evotech of approximately S$1,362,000 (equivalent to approximately HK$7,700,000); (ii) fund transfer to Kesterion Investment Limited, a former substantial shareholder of the Company of approximately US$570,000 and S$1,600,000 (equivalent to approximately HK$13,399,000); (iii) fund transfers to Koh Tat Lee, a former director of the Company and two independent third parties namely Yao Jun and Yew Eng Piow, of approximately US$500,000 and S$685,000 (equivalent to approximately HK$7,677,000) ((ii) to (iii) referred to as the "Fund Transfers") and the remaining balance of the Proceeds were used as working capital of the Group.

In the opinion of the directors of the Company, the Proceeds were misused. Under this circumstance, the directors of the Company considered that the Company has the right to recover the Fund Transfer and consequentially, the amounts of approximately HK$21,076,000 has been accounted for as other receivables in the consolidated statement of financial position as at 31 March 2017.

Due to the irregular nature of the Transaction, we were unable to obtain sufficient appropriate audit evidence of the Transaction and the usage of the Proceeds, including but not limited to (i) the Company's board resolution of approval for the Transaction; (ii) the Company's board resolution of approval for the usage of the corresponding Proceeds; and (iii) direct confirmation from each of the recipient of the Fund Transfers to confirm the nature of the Fund Transfers and the outstanding balances of each recipient Fund Transfers as at 31 March 2017. Accordingly, we were unable to verify the validity, classification and nature of such balances (i.e. whether the Fund Transfers were correctly accounted for as other receivables or should be deduction of liabilities).

Given the circumstances described above, the scope of our audit work was limited and there was no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to satisfy ourselves as to (i) the Transaction and the usage of corresponding Proceeds were properly authorised and approved by the Board of Directors; and (ii) the validity, classification, nature and recoverability for the balances of other receivables of approximately HK$21,076,000 due from the recipient of the Fund Transfers as at 31 March 2017 were free from material misstatement. Any adjustments that might have been found necessary will have an effect on the consolidated statement of financial position as at 31 March 2017, and consequently financial performance and cash flows of the Group for the year ended 31 March 2017 and the related disclosures thereof in the consolidated financial statements.

b) Deconsolidation of subsidiaries

The Group were unable to locate complete set of books and records of the 寰亞宏華商貿(北京)有限責任公司 and 宏華加業商貿(上海)有限公司 ("Deconsolidated Subsidiaries"). In the opinion of the directors of the Company, the controls over the Deconsolidated Subsidiaries were lost. Accordingly, the financial results, assets and liabilities of the Deconsolidated Subsidiaries have been de-consolidated from the consolidated financial statements as at 31 March 2017 and recorded a loss on deconsolidation of Deconsolidated Subsidiaries of approximately HK$6,151,000.

Given the circumstances described above, the scope of our audit work was limited and there was no alternative audit procedures that we could perform to obtain sufficient appropriate audit evidence to satisfy ourselves to (i) the timing and whether it was appropriate to deconsolidate the assets and liabilities of the Deconsolidated Subsidiaries; (ii) the transaction of the Deconsolidated Subsidiaries during the year ended 31 March 2017 and the balances of assets and liabilities of the Deconsolidated Subsidiaries as at the date of deconsolidation and the net loss of de-consolidation of Deconsolidated Subsidiaries as disclosed in Note 52 to the consolidated financial statements were properly recorded and free from material misstatements; and (iii) any contingent liabilities, commitments, related party transactions and significant subsequent events relating to the Deconsolidated Subsidiaries and the related disclosure thereof.

Material uncertainty in relation to going concern basis

We draw attention to note 2 in the consolidated financial statements which indicates that the Group had net current liabilities and net liabilities of HK$15.5 million and HK$348.8 million respectively. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not disclaimed on this matter.

3. AUDITED AND UNAUDITED FINANCIAL STATEMENTS

The following audited financial statements of the Company for the three years ended 31 March 2017, 2018 and 2019 are contained in the annual reports of the Company for the year ended 31 March 2017 (the "**2017 Annual Report**"), 2018 (the "**2018 Annual Report**") and 2019 (the "**2019 Annual Report**"), and the unaudited financial statements of the Company for the three months ended 30 June 2019 (the "**First Quarterly Report**"), which have been published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**http://www.unionasiahk.com**):

THE FIRST QUARTERLY REPORT

(a) Condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 30 June 2019

Please refer to pages 12 to 13 of the First Quarterly Report.

(b) Significant accounting policies and notes to the condensed quarterly financial information for the three months ended 30 June 2019

Please refer to pages 14 to 22 of the First Quarterly Report.

THE 2019 ANNUAL REPORT

(a) Consolidated statement of financial position as at 31 March 2019

Please refer to pages 81 to 82 of the 2019 Annual Report.

(b) Consolidated statement of cash flows for the year ended 31 March 2019

Please refer to pages 84 to 85 of the 2019 Annual Report.

(c) Other consolidated financial statements for the year ended 31 March 2019

(i) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019

Please refer to pages 79 to 80 of the 2019 Annual Report.

(ii) Consolidated statement of changes in equity for the year ended 31 March 2019

Please refer to page 83 of the 2019 Annual Report.

(d) Significant accounting policies and notes to the audited consolidated financial statements for the year ended 31 March 2019

Please refer to pages 86 to 210 of the 2019 Annual Report.

THE 2018 ANNUAL REPORT

(a) Consolidated statement of financial position as at 31 March 2018

Please refer to pages 77 to 78 of the 2018 Annual Report.

(b) Consolidated statement of cash flows for the year ended 31 March 2018

Please refer to pages 80 to 81 of the 2018 Annual Report.

(c) Other consolidated financial statements for the year ended 31 March 2018

(i) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018

Please refer to pages 74 to 76 of the 2018 Annual Report.

(ii) Consolidated statement of changes in equity for the year ended 31 March 2018

Please refer to page 79 of the 2018 Annual Report.

(d) Significant accounting policies and notes to the audited consolidated financial statements for the year ended 31 March 2018

Please refer to pages 82 to 194 of the 2018 Annual Report.

THE 2017 ANNUAL REPORT

(a) Consolidated statement of financial position as at 31 March 2017

Please refer to pages 76 to 78 of the 2017 Annual Report.

(b) Consolidated statement of cash flows for the year ended 31 March 2017

Please refer to pages 80 to 81 of the 2017 Annual Report.

(c) Other consolidated financial statements for the year ended 31 March 2017

(i) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017

Please refer to pages 72 to 75 of the 2017 Annual Report.

(ii) Consolidated statement of changes in equity for the year ended 31 March 2017

Please refer to page 79 of the 2017 Annual Report.

(d) Significant accounting policies and notes to the audited consolidated financial statements for the year ended 31 March 2017

Please refer to pages 82 to 226 of the 2017 Annual Report.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF HISTORICAL RESULTS OF THE GROUP

Set out below are the management discussion and analysis of the Group's results of operations for each of the three years ended 31 March 2017, 2018 and 2019 and the three months end 30 June 2019 extracted from the annual reports of the Company for each of the years ended 31 March 2017, 2018 and 2019 and the unaudited first quarterly report of the Company for the three months ended 30 June 2019.

(i) For the three months ended 30 June 2019

MANAGEMENT DISCUSSIONS AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition or disposal during the three months ended 30 June 2019 (the "Period") and 30 June 2018.

BUSINESS AND FINANCIAL REVIEW

The Group's revenue for the Period amounted to approximately HK$8,073,000 (2018: approximately HK$8,667,000), decreased by approximately HK$594,000 as compared to the same period in 2018. The decrease in revenue was mainly attributable to the US-China Trade War incurred during the Period related to the trading of metals.

During the Period, the Group has incurred a gross profit of approximately HK$58,000 (2018: approximately HK$268,000). Other income, amounted to approximately HK$1,150,000 (2018: amounted to approximately HK$50,000). Loss for the Period decreased to approximately HK$20,846,000 (2018: approximately HK$21,359,000), of which the decrease was mainly resulted from the recovery of partial proceeds related to the Singapore Legal Action (as defined in the section "Litigation" beneath) by performing the writ of seizure and sale of Lily Bey's property amounting to approximately S$198,000.

CAPITAL STRUCTURE AND LIQUIDITY

Proposed Capital Reorganisation

The Company has originally proposed a capital reorganisation on 9 November 2017, being part of the resumption proposal ("Original Resumption Proposal") in relation to the proposed restructuring being submitted by the Company to the Stock Exchange on 15 September 2017. In response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Original Resumption Proposal with a view to address the concerns raised by the regulators during the vetting process of the Circular, the Company proposes to implement the amended capital reorganisation (the "Capital Reorganisation") on 16 May 2019 as follows:

(i) the Share Premium Cancellation: the entire amount in the sum of HK$3,661,406,000 standing to the credit of the share premium account of the Company will be cancelled to set off against part of total accumulated loss of the Company of approximately HK$4,525,374,000;

(ii) Share Consolidation: every fifty issued Shares of HK$0.08 each will be consolidated into one Consolidated Share of HK$4.0 each in the issued share capital of the Company, so there will be a total of 68,303,955 Consolidated Shares in issue upon Share Consolidation taking effect;

(iii) Capital Reduction: upon Share Consolidation taking effect, (i) any fractions of Shares arising out of the Share Consolidation will be cancelled; and (ii) the nominal value of the issued Consolidated Shares will be reduced from HK$4.0 to HK$0.0001 each (i.e. New Share) by cancelling the paid-up capital to the extent of HK$3.9999 each, and the total credit of approximately HK$273,208,990 arising therefrom will be applied to further set off the accumulated loss of the Company of approximately HK$4,525,374,000;

(iv) Unissued Share Capital Cancellation: upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company will be cancelled in their entirety; and

(v) Authorised Share Capital Increase: upon the Unissued Share Capital Cancellation taking effect, the authorised share capital of the Company will be increased to HK$10,000,000 divided into 100,000,000,000 New Shares.

Upon the Capital Reorganisation becoming effective, the accumulated loss of the Company will be reduced from approximately HK$4,525.4 million to approximately HK$590.8 million.

The Capital Reorganisation was approved by the shareholders as special resolutions by way of poll at the extraordinary general meeting of the Company being hold on 24 June 2019. It will become effective subject to the approval from the Grand Court of the Cayman Islands and the Listing Committee of the GEM Board. As at the date of this report, the Capital Reorganisation has not become effective.

For details, please refer to the announcements of the Company dated 9 November 2017, 14 November 2017, 16 May 2019, 29 May 2019 and 24 June 2019.

Proposed share offer

The Company has originally proposed an open offer on 9 November 2017 being part of the Original Resumption Proposal. In response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Original Resumption Proposal with a view to address the concerns raised by the regulators during the vetting process of the Circular, the Company proposes to offer a total of 227,679,850 offer shares ("Offer Shares") for subscription at the offer price (i.e. HK$0.19 per Offer Share) ("Share Offer") on 16 May 2019. Half of the Offer Shares are available for subscription by the members of the public and another half of the Offer Shares ("Reserved Shares") are available for subscription by the qualifying shareholders under the preferential offering as the assured entitlement on the basis of ten Reserved Shares for every integral multiple of six New Shares. The Share Offer will be fully underwritten by the underwriters subject to the terms and conditions of the underwriting agreement.

The Share Offer is conditional upon, among others, (i) the underwriting agreement becoming unconditional, (ii) the underwriter not terminating the underwriting agreement in accordance with its terms; and (iii) the subscription level of the public Offer Shares by the new public shareholders demonstrating sufficient public interest.

For details, please refer to the announcements of the Company dated 9 November 2017, 14 November 2017, 16 May 2019, 29 May 2019 and 24 June 2019.

Net liabilities of the Group deteriorated to approximately HK$510,828,000 as at 30 June 2019 from approximately HK$489,977,000 as at 31 March 2019. The increase in net liabilities was mainly attributable to the increase in other borrowings and the relevant finance costs incurred during the Period.

LITIGATION

(1) On 4 September 2016 the Company announced, amongst other things, that (i) Evotech (Asia) Pte. Limited ("Evotech"), an indirect wholly-owned subsidiary of the Company, had entered into a Surrender Agreement with Jurong Town Corporation ("JTC") on 6 April 2016 pursuant to which Evotech agreed to surrender its leasehold interest in the real property located at 42 Gul Circle, Singapore 629577 to JTC at the consideration of S$5,620,000 and such transaction was completed on 27 June 2016 without the approval and authorization of the Board ("the Unauthorized Transaction"), and (ii) the Company was investigating into the circumstances leading to the entering into the Unauthorized Transaction and the payments made by Evotech from the proceeds of the Unauthorized Transaction.

Upon completion of the said investigation and with the benefit of legal advice, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore (Case no. HC/S 1242/2016) against Mr. Koh Tat Lee ("Mr. Koh") for breaches of his duties as director and employee of Evotech and against Ms. Lily Bey Lay Lay ("Lily Bey"), another ex-director of Evotech, for breaches of her duties as director of Evotech and, for recovery of damages in the sums of S$2,285,000 and US$1,070,000 (the "Singapore Legal Action").

In the Singapore Legal Action, Mr. Koh and Lily Bey filed their Defence and Counterclaim to contest Singapore Legal Action and also commenced Third Party Proceedings ("Third-Party Proceedings") against the Company and Ms. Yip Man Yi, Chairman of the Company (the "Singapore Third Parties").

In the Third-Party Proceedings, Mr. Koh and Lily Bey sought indemnities and/or contributions against the Singapore Third Parties for authorizing and approving all the monetary transactions claimed by Evotech in the Singapore Legal Action to set off the sums as may be applicable between all parties in the legal action, if any.

On 17 January 2017, the High Court of The Republic of Singapore granted leave for service of the Singapore Third-Party Proceedings on the Singapore Third Parties out of the jurisdiction of the Republic of Singapore and the Singapore Third Parties have duly instructed their attornies in the Republic of Singapore to enter appearance and contest the proceedings.

The hearing commenced on 28 February 2018. At the commencement of the hearing, Mr. Koh and Lily Bey, through their attorney, withdrew the Third-Party Proceedings against the Singapore Third Parties. However, Mr. Koh and Lily Bey did not agree to the amount of legal costs payable to the Singapore Third Parties for the withdrawal of the Third-Party Proceedings. In this regard, the legal costs to be paid by Mr. Koh and Lily Bey to the Singapore Third Parties shall be determined by the High Court of The Republic of Singapore at a taxation hearing.

The Company's attorney filed a bill of costs related to the amount of legal costs payable to the Singapore Third Parties for the withdrawal of the Third-Party Proceedings on 23 May 2018. On 19 June 2018, Mr. Koh and Lily Bey have been ordered by the High Court of The Republic of Singapore to pay legal costs for the sum of S$99,000 to the Singapore Third Parties. Formal demand for the payment has been issued to Mr. Koh and Lily Bey. Yet, on 3 July 2018, Mr. Koh and Lily Bey have filed a summons for review of the taxation order. On 11 July 2018 and 16 July 2018, statutory demands were served on Lily Bey and Mr. Koh respectively, demanding payment of the legal costs as awarded. On 23 July 2018, Lily Bey fully settled the said legal cost of S$99,000.

On 8 October 2018, an oral judgment was handed down by the trial judge who ruled in favour of Evotech against Mr. Koh and Lily Bey jointly and severally in the total sum claimed by Evotech with interests running on each of these sums ("Judgment Sum"), while the formal judgment was released on 16 October 2018.

On 7 November 2018, Mr. Koh and Lily Bey (the "Appellants") filed a notice of appeal ("Appeal") to the Court of Appeal of Singapore to appeal against the judgment. On 13 August 2019, the Court proceeded with hearing the Appeal and dismissed the Appellants' case in its entirety. The Court awarded costs of S$42,000 to Evotech to be paid by the Appellants.

On 2 May 2019, the Company recovered the Judgment Sum in the amount of S$198,000 by performing the writ of seizure and sale of Lily Bey's property. Evotech is continuing to seek legal advice in relation to the enforcement of the judgment against Mr. Koh and Lily Bey and in the process of implementing such.

On 15 November 2018 and 27 November 2018 respectively, Evotech has filed bankruptcy applications (the "Bankruptcy Applications") being made against Ms. Lily Bey and Mr. Koh. After the Court dismissed the Appeal as aforementioned, the Court proceeded with the Bankruptcy Applications and on 19 September 2019, the Court ordered that Ms. Lily Bey and Mr. Koh be adjudged bankrupt and such order were filed on 15 October 2019 and 16 October 2019 respectively.

The Board has obtained legal opinion that both Evotech and the Company have meritorious claim and defence in the Singapore Legal Action and the Appeal and such proceedings shall have no adverse impact upon the financial position of the Company and its subsidiaries (the "Group"). Therefore, no provision in respect of the Singapore Legal Action and the Appeal was made in the condensed consolidated financial statements.

For details, please refer to the announcements of the Company dated 4 September 2016, 23 November 2016, 10 February 2017, 2 March 2018, 16 August 2019 and 28 October 2019.

(2) On 2 November 2017, the Company received a demand letter from Kesterion Investments Limited ("Kesterion") requesting repayment of a loan amounting to approximately HK$93 million.

On 17 November 2017, the Company received a Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2631 of 2017 against CAAL Capital Company Limited ("CAAL") as the 1st Defendant and the Company as the 2nd Defendant. On 20 and 21 November 2017, the Company and its authorised representatives respectively received another Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2662 of 2017 against the Company (collectively "the Hong Kong Writs").

The Hong Kong Writs are in relation to the repayment of a loan facility originally advanced by Kesterion to the Company. On 4 November 2016, the Company was notified by CAAL that CAAL and Kesterion had entered into a deed of assignment on 31 October 2016 pursuant to which all loan facility originally advanced by Kesterion were assigned to CAAL.

The Company filed its defence for both actions on 25 January 2018. Kesterion filed its reply for both actions on 22 February 2018.

On 5 March 2018, by consent, the Court ordered that these two actions be consolidated, and that under the consolidated action, Kesterion is the Plaintiff while CAAL and the Company are the 1st Defendant and the 2nd Defendant, respectively. On 28 June 2018, CAAL filed its defence for the consolidated action.

As the claim under the Hong Kong Writs is related to the assignment between Kesterion and CAAL and the Company has already recorded the corresponding loan in the condensed consolidated financial statements, the Board considered that the claim under the Hong Kong Writs shall have no adverse impact upon the financial position of the Group.

For details, please refer to the announcement of the Company dated 28 November 2017.

(3) On 2 July 2018, Evotech received a Writ of Summons issued by Kesterion in the High Court of the Republic of Singapore under Case Number HC/S 653 of 2018 (the "Singapore Writ") in relation to the repayment of a loan provided by Kesterion to Evotech in the sum of S$400,000. As stated in the Singapore Writ, the loan was interest-free and repayable on demand and were for the purposes of settling the obligations owed to the Singapore authorities, specifically, the Goods and Services Tax payments owed to the Inland Revenue Authority of Singapore, as a result of the surrender of leasehold property as mentioned in the Company's announcement dated 4 September 2016 and for general working capital.

Evotech has engaged a Singapore law firm to contest the proceedings. The memorandum of appearance was filed by the Singapore law firm on behalf of Evotech on 9 July 2018. On 24 July 2018, Evotech has filed a defence denying the claim and counterclaiming S$500,000 being the loan made by Evotech to Kesterion in May 2016.

The Board has obtained legal opinion and expects that the Singapore Writ will have no significant effects on the overall financial and/or operational conditions of the Group.

For details, please refer to the announcement of the Company dated 4 July 2018.

Save as discussed in the above section, during the Period, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

LISTING STATUS

The Company has received a letter dated 2 December 2016 from the Stock Exchange considered that the Company has failed to maintain sufficient operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of its shares. The Stock Exchange has therefore decided to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commence the procedures to cancel the Company's listing under Rules 9.14 to 9.16 of the GEM Listing Rules (the "Decision"). The letter serves as a notice to the Company under Rule 9.15 of the GEM Listing Rules.

After considering legal advice, the Company through its lawyer submitted a written request to the GEM Listing Committee of the Stock Exchange (the "Committee") pursuant to Chapter 4 of the GEM Listing Rules for reviewing the Decision on 6 December 2016. On 14 December 2016, it was confirmed by the Stock Exchange that the review hearing of the Committee has been scheduled on 7 March 2017.

On 17 March 2017, the Stock Exchange notified the Company that the Committee, having considered all the submissions (both written and oral) made by the Company to the Listing Department of the Stock Exchange, the Committee considered that the Company had failed to maintain sufficient operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Company's shares. The Committee therefore decided to uphold the Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commenced the procedures to cancel the Company's listing under Rules 9.14 to 9.16 of the GEM Listing Rules.

Accordingly trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 20 March 2017. and the Company was required to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules at least 10 Business Days before the expiry of a period of six months from the date of the decision of the Committee (i.e. 17 September 2017).

On 15 September 2017, the Company submitted the Resumption Proposal to the Stock Exchange and entered into a restructuring framework agreement with an investor to set out the terms of the proposed restructuring comprising (i) the Capital Reorganisation; (ii) the Open Offer; (iii) the Creditors Schemes; and (iv) the Acquisition.

On 30 October 2017, the Stock Exchange approved the Resumption Proposal and agreed to allow the Company to submit a new listing application relating to the Resumption Proposal on or before 8 January 2018. Subsequently, the Company had applied for, and the Stock Exchange had granted, extension of time to the Company to submit the new listing application relating to the Resumption Proposal on or before 29 June 2018. On 29 June 2018, the Company submitted the new listing application.

The Restructuring Framework Agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and 28 June 2018, respectively), the Acquisition Agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and 28 June 2018, respectively), the Investor Loan Agreement dated 5 December 2017 and the underwriting agreement in respect of the Open Offer dated 28 June 2018 had been subsequently amended in various occasions in response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Resumption Proposal with a view to addressing the concerns raised by the regulators during the vetting process of the draft circular.

On 23 November 2018, the Company further amended the Resumption Proposal, which was subsequently finalised on 16 May 2019 under the Amended and Restated Agreements entered into between the Company and the relevant parties. Pursuant to the Amended and Restated Agreements, the finalised Resumption Proposal involved:

(i) the Capital Reorganisation comprising the Share Premium Cancellation, the Share Consolidation, the Capital Reduction, the Unissued Share Capital Cancellation and the Authorised Share Capital Increase;

(ii) the Share Offer of a total of 227,679,850 Offer Shares for subscription at the Offer Price (i.e. HK$0.19 per Offer Share) which will be fully underwritten by the Underwriter pursuant to the Underwriting Agreement:

- Public Offer: a total of 113,839,925 Offer Shares (i.e. the Public Offer Shares) for subscription by members of the public; and

- Preferential Offering: a total of 113,839,925 Offer Shares (i.e. the Reserved Shares) for subscription by the Qualifying Shareholders on assured basis;

(iii) the Creditors Schemes: the Creditors with the Claims admitted under the Creditors Schemes would be entitled to receive the Creditors Schemes Consideration of approximately HK$13.4 million, which is to be satisfied by way of allotment and issue of 70,331,984 New Shares (i.e. the Creditors Shares) at the issue price of HK$0.19 each and such other sums as may be realised by the Scheme Administrators from the Creditors Schemes Assets;

(iv) the Acquisition: the Company will acquire the entire issued share capital of the Target Company (i.e. the Sale Shares) for the Consideration of approximately HK$144.4 million which will be satisfied by way of allotment and issue of 760,000,000 Consideration Shares (representing approximately 62.2% of the Enlarged Issued Share Capital) to the Investor at the Issue Price of HK$0.19 each; and

(v) the provision of the Investor Loan and Investor Loan Capitalisation: the Investor agreed to provide the Investor Loan up to HK$23 million while up to approximately HK$18 million of which shall be settled by the allotment and issue of the Capitalisation Shares of up to 94,736,842 New Shares (representing approximately 7.8% of the Enlarged Issued Share Capital) at the issue price of HK$0.19 each and the remaining HK$5 million and the interest of 5.5% per annum accrued on the amount of the Investor Loan in excess of approximately HK$18 million shall be settled in cash by proceeds from the Share Offer on the Repayment Date in the event that Completion takes place on the Repayment Date, but fully settled in cash in the event that Completion does not take place on the Repayment Date.

On 4 January 2019, the Company re-submitted a new listing application, and on 24 May 2019, the Stock Exchange has granted the approval-in-principle in relation to the new listing application. Also, the major components as mentioned in (i) – (v) above were approved by the shareholders by way of poll at the extraordinary general meeting of the Company being hold on 24 June 2019.

For details, please refer to the announcements of the Company dated 2 December 2016, 6 December 2016, 20 March 2017, 9 November 2017, 10 November 2017, 21 December 2017, 22 January 2018, 22 February 2018, 23 March 2018, 4 April 2018, 4 May 2018, 4 June 2018, 28 June 2018, 29 June 2018, 1 August 2018, 31 August 2018, 2 October 2018, 2 November 2018, 3 December 2018, 31 December 2018, 31 January 2019, 28 February 2019, 28 March 2019, 29 April 2019, 16 May 2019, 29 May 2019 and 24 June 2019.

(ii) For the year ended 31 March 2019

BUSINESS REVIEW

Stainless steel wires are widely applied in the manufacturing of electric appliances, mobile communication equipment and highly precise surgical instruments, with the continuous growth of the smartphone market, rapid development of the mobile communication and rising demand for advanced medical equipment in Hong Kong and the PRC, demand of stainless steel wires from mobile communication and medical industries as raw materials and thus the trading of stainless steel wires kept at a steady level throughout the current year.

On the other hand, during the year, in view of the limited contribution of trading of household products, nephrite and beverages, the Group ceased these businesses so as to minimize losses. Also, no chartering of vessel is available after the expiry of the chartering contract and such vessel has been disposed during the year.

FINANCIAL REVIEW

The Group's revenue for the year amounted to approximately HK$41,228,000 (2018: approximately 105,665,000), decreased by approximately HK$64,437,000 as compared to the same period in 2018. The significant decrease in revenue was mainly attributed to the cessation of several businesses within the Group during the year, including the trading of household products, nephrite and beverages. Other than that, the US-China Trade War incurred during the year also resulted in decrease in revenue for the remaining existing business of the Group.

The Group has incurred a gross profit of approximately HK$2,029,000 (2018: approximately HK$5,748,000). Other gain amounted to approximately HK$8,236,000 (other gain in 2018: approximately HK$1,555,000). Loss for the year increased to approximately HK$79,814,000 as compared to loss approximately HK$76,092,000 last year.

The increase in gain for the year was mainly attributable to the disposal of subsidiaries.

CAPITAL STRUCTURE AND LIQUIDITY

Proposed capital reorganisation

The Company has originally proposed a capital reorganisation on 9 November 2017, being part of the resumption proposal ("Original Resumption Proposal") in relation to the proposed restructuring being submitted by the Company to the Stock Exchange of Hong Kong Limited ("Stock Exchange") on 15 September 2017. In response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Original Resumption Proposal with a view to address the concerns raised by the regulators during the vetting process of the Circular, the Company proposes to implement, subject to the approval by the Shareholders, the amended capital reorganisation (the "Capital Reorganisation") as follows:

(i) the Share Premium Cancellation: the entire amount in the sum of HK$3,661,406,000 standing to the credit of the share premium account of the Company will be cancelled to set off against part of total accumulated loss of the Company of approximately HK$4,525,374,000;

(ii) Share Consolidation: every fifty issued Shares of HK$0.08 each will be consolidated into one Consolidated Share of HK$4.0 each in the issued share capital of the Company, so there will be a total of 68,303,955 Consolidated Shares in issue upon Share Consolidation taking effect;

(iii) Capital Reduction: upon Share Consolidation taking effect, (i) any fractions of Shares arising out of the Share Consolidation will be cancelled; and (ii) the nominal value of the issued Consolidated Shares will be reduced from HK$4.0 to HK$0.0001 each (i.e. New Share) by cancelling the paid-up capital to the extent of HK$3.9999 each, and the total credit of approximately HK$273,208,990 arising therefrom will be applied to further set off the accumulated loss of the Company of approximately HK$4,525,374,000;

(iv) Unissued Share Capital Cancellation: upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company will be cancelled in their entirety; and

(v) Authorised Share Capital Increase: upon the Unissued Share Capital Cancellation taking effect, the authorised share capital of the Company will be increased to HK$10,000,000 divided into 100,000,000,000 New Shares.

Upon the Capital Reorganisation becoming effective, the accumulated loss of the Company will be reduced from approximately HK$4,525.4 million to approximately HK$590.8 million.

The Capital Reorganisation will be subject to the passing of a special resolution by the shareholders by way of poll at the extraordinary general meeting, and the approval from the Grand Court of the Cayman Islands and the Listing Committee of the GEM Board. For details, please refer to the announcement of the Company dated 9 November 2017, 14 November 2017 and 16 May 2019.

Proposed share offer

The Company has originally proposed an open offer on 9 November 2017 being part of the Original Resumption Proposal. In response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Original Resumption Proposal with a view to address the concerns raised by the regulators during the vetting process of the Circular, the Company proposes to offer a total of 227,679,850 offer shares ("Offer Shares") for subscription at the offer price (i.e. HK$0.19 per Offer Share) ("Share Offer"). Half of the Offer Shares are available for subscription by the members of the public and another half of the Offer Shares ("Reserved Shares") are available for subscription by the qualifying shareholders under the preferential offering as the assured entitlement on the basis of ten Reserved Shares for every integral multiple of six New Shares. The Share Offer will be fully underwritten by the underwriters subject to the terms and conditions of the underwriting agreement.

The Share Offer is conditional upon, among others, (i) the underwriting agreement becoming unconditional, (ii) the underwriter not terminating the underwriting agreement in accordance with its terms; and (iii) the subscription level of the public Offer Shares by the new public shareholders demonstrating sufficient public interest. For details, please refer to the announcement of the Company dated 9 November 2017, 14 November 2017 and 16 May 2019.

As at 31 March 2019, the Group has a current ratio of approximately 0.29 times (31 March 2018: approximately 0.36 times). Gearing ratio, calculated based on non-current liabilities of approximately HK$359,507,000 (31 March 2018: approximately HK$345,687,000) against total deficit of approximately HK$489,977,000 (31 March 2018: approximately HK$410,031,000) decreased from -84.31% for 2018 to -73.37% for 2019.

As at 31 March 2019, the Group did not have any material contingent liability (31 March 2018: Nil).

As at 31 March 2019, the Group did not have any material capital commitment (31 March 2018: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had the following major disposals during the year, while there is no major acquisition in the same period.

Disposal of subsidiaries

On 6 December 2018, a direct wholly-owned subsidiary of the Company, Talent Zone Global Limited, entered into a disposal agreement with an independent third party in relation to the disposal of the entire issued share capital of Brighton Asia Pacific Investment Holdings Limited, an indirectly wholly-owned subsidiary of the Company, and its subsidiaries (together with its subsidiaries as the "Disposal Group"), in which the Disposal Group was originally engaged in trading of bottled water in the People's Republic of China (the "PRC") but this has been ceased in September 2018, and the principal assets of the Disposal Group were four blocks of a villa located in the PRC as investment properties. The total consideration was HK$200,000.

For details, please refer to the announcements of the Company dated 6 December 2018.

Disposal of a vessel

On 25 January 2019, an indirect wholly-owned subsidiary of the Company, Ultra Treasure Limited ("Ultra Treasure"), entered into a disposal agreement (the "Disposal Agreement") with the purchaser (the "Purchaser") to dispose a vessel at the consideration of HK$6,500,000, in which HK$650,000 has been received upon signing of the Disposal Agreement as the deposit, and the remaining balance of HK$5,850,000 shall be payable by the Purchaser to an escrow account held by an escrow agent on or before the date of Completion and the escrow agent shall release such amount to Ultra Treasure upon delivery of the vessel. Completion took place on 7 March 2019.

For details, please refer to the announcements of the Company dated 25 January 2019.

LITIGATION

(1) On 4 September 2016 the Company announced, amongst other things, that (i) Evotech (Asia) Pte. Limited ("Evotech") had entered into a Surrender Agreement with Jurong Town Corporation ("JTC") on 6 April 2016 pursuant to which Evotech agreed to surrender its leasehold interest in the real property located at 42 Gul Circle, Singapore 629577 to JTC at the consideration of S$5,620,000 and such transaction was completed on 27 June 2016 without the approval and authorization of the Board ("the Unauthorized Transaction"), and (ii) the Company was investigating into the circumstances leading to the entering into the Unauthorized Transaction and the payments made by Evotech from the proceeds of the Unauthorized Transaction.

Upon completion of the said investigation and with the benefit of legal advice, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore (Case no. HC/S 1242/2016) against Mr. Koh Tat Lee ("Mr. Koh") for breaches of his duties as director and employee of Evotech and against Ms. Lily Bey Lay Lay ("Lily Bey"), another ex-director of Evotech, for breaches of her duties as director of Evotech and, for recovery of damages in the sums of S$2,285,000 and US$1,070,000 (the "Singapore Legal Action").

In the Singapore Legal Action, Mr. Koh and Lily Bey filed their Defence and Counterclaim to contest Singapore Legal Action and also commenced Third-Party Proceedings ("Third-Party Proceedings") against the Company and Ms. Yip Man Yi, the Chairman of the Company (the "Singapore Third Parties").

In the Third-Party Proceedings, Mr. Koh and Lily Bey sought indemnities and/or contributions against the Singapore Third Parties for authorizing and approving all the monetary transactions claimed by Evotech in the Singapore Legal Action to set off the sums as may be applicable between all parties in the legal action, if any.

On 17 January 2017, the High Court of The Republic of Singapore granted leave for service of the Singapore Third-Party Proceedings on the Singapore Third Parties out of the jurisdiction of the Republic of Singapore and the Singapore Third Parties have duly instructed their attorneys in the Republic of Singapore to enter appearance and contest the proceedings.

The hearing commenced on 28 February 2018. At the commencement of the hearing, Mr. Koh and Lily Bey, through their attorney, withdrew the Third-Party Proceedings against the Singapore Third Parties. However, Mr. Koh and Lily Bey did not agree to the amount of legal costs payable to the Singapore Third Parties for the withdrawal of the Third-Party Proceedings. In this regard, the legal costs to be paid by Mr. Koh and Lily Bey to the Singapore Third Parties shall be determined by the High Court of The Republic of Singapore at a taxation hearing.

The Company's attorney filed a bill of costs related to the amount of legal costs payable to the Singapore Third Parties for the withdrawal of the Third-Party Proceedings on 23 May 2018. On 19 June 2018, Mr. Koh and Lily Bey have been ordered by the High Court of The Republic of Singapore to pay legal costs for the sum of S$99,000 to the Singapore Third Parties. Formal demand for the payment has been issued to Mr. Koh and Lily Bey. Yet, on 3 July 2018, Mr. Koh and Lily Bey filed a summons for review of the taxation order. On 11 July 2018 and 16 July 2018, statutory demands were served on Lily Bey and Mr. Koh respectively, demanding payment of the legal costs as awarded. On 23 July 2018, Lily Bey fully settled the said legal cost of S$99,000.

On 8 October 2018, an oral judgment was handed down by the trial judge who ruled in favour of Evotech against Mr. Koh and Lily Bey jointly and severally in the total sum claimed by Evotech with interests running on each of these sums ("Judgment Sum"), while the formal judgment was released on 16 October 2018.

On 7 November 2018, Mr. Koh and Lily Bey filed a notice of appeal ("Appeal") to the Court of Appeal of Singapore to appeal against the judgment. The Appeal is presently scheduled to be heard between 5 August 2019 to 23 August 2019.

On 2 May 2019, the Company recovered the Judgment Sum in the amount of S$198,000 by performing the writ of seizure and sale of Lily Bey's property. Evotech is continuing to seek legal advice in relation to the enforcement of the judgment against Mr. Koh and Lily Bey and in the process of implementing such.

The Board has obtained legal opinion that both Evotech and the Company have meritorious claim and defence in the Singapore Legal Action and the Appeal and such proceedings shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of the Singapore Legal Action and the Appeal was made in the consolidated financial statements.

(2) On 2 November 2017, the Company received a demand letter from Kesterion Investments Limited ("Kesterion") requesting repayment of a loan amounting to approximately HK$93 million.

On 17 November 2017, the Company received a Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2631 of 2017 against CAAL Capital Company Limited ("CAAL") as the 1st Defendant and the Company as the 2nd Defendant. On 20 and 21 November 2017, the Company and its authorised representatives respectively received another Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2662 of 2017 against the Company (collectively "the Hong Kong Writs").

The Hong Kong Writs are in relation to the repayment of a loan facility originally advanced by Kesterion to the Company. On 4 November 2016, the Company was notified by CAAL that CAAL and Kesterion had entered into a deed of assignment on 31 October 2016 pursuant to which all loan facility originally advanced by Kesterion were assigned to CAAL.

The Company filed its defence for both actions on 25 January 2018. Kesterion filed its reply for both actions on 22 February 2018.

On 5 March 2018, by consent, the Court ordered that these two actions be consolidated, and that under the consolidated action, Kesterion is the Plaintiff while CAAL and the Company are the 1st Defendant and the 2nd Defendant, respectively. On 28 June 2018, CAAL filed its defence for the consolidated action.

As the claim under the Hong Kong Writs is related to the assignment between Kesterion and CAAL and the Company has already recorded the corresponding loan in the consolidated financial statements, the Board considered that the claim under the Hong Kong Writs shall have no adverse impact upon the financial position of the Group.

On 2 July 2018, Evotech received a Writ of Summons issued by Kesterion in the High Court of the Republic of Singapore under Case Number HC/S 653 of 2018 (the "Singapore Writ") in relation to the repayment of a loan provided by Kesterion to Evotech in the sum of S$400,000. As stated in the Singapore Writ, the loan was interest free and repayable on demand and were for the purposes of settling the obligations owed to the Singapore authorities, specifically, the Goods and Services Tax payments owed to the Inland Revenue Authority of Singapore, as a result of the surrender of leasehold property as mentioned in the Company's announcement dated 4 September 2016 and for general working capital of Evotech.

Evotech has engaged a Singapore law firm to contest the proceedings. The memorandum of appearance was filed by the Singapore law firm on behalf of Evotech on 9 July 2018. On 24 July 2018, Evotech has filed a defence denying the claim and counterclaiming S$500,000 being the loans made by Evotech to Kesterion in May 2016.

The Board has obtained legal opinion and expects that the Singapore Writ will have no significant effects on the overall financial and/or operational conditions of the Group.

Save as discussed above, during the year ended 31 March 2019, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

LISTING STATUS

The Company has received a letter dated 2 December 2016 from the Stock Exchange considered that the Company has failed to maintain sufficient operations or assets under Rule 17.26 of the rules governing the listing of securities on the Growth Enterprise Market of the Stock Exchange ("GEM Listing Rules") to warrant the continued listing of its shares. The Stock Exchange has therefore decided to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commence the procedures to cancel the Company's listing under Rules 9.14 to 9.16 of the GEM Listing Rules (the "Decision"). The letter serves as a notice to the Company under Rule 9.15 of the GEM Listing Rules.

After considering legal advice, the Company through its lawyer submitted a written request to the GEM Listing Committee of the Stock Exchange (the "Committee") pursuant to Chapter 4 of the GEM Listing Rules for reviewing the Decision on 6 December 2016. On 14 December 2016, it was confirmed by the Stock Exchange that the review hearing of the Committee has been scheduled on 7 March 2017.

On 17 March 2017, the Stock Exchange notified the Company that the Committee, having considered all the submissions (both written and oral) made by the Company to the Listing Department of the Stock Exchange, the Committee considered that the Company had failed to maintain sufficient operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Company's shares. The Committee therefore decided to uphold the Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commenced the procedures to cancel the Company's listing under Rules 9.14 to 9.16 of the GEM Listing Rules.

Accordingly, trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 20 March 2017 and the Company was required to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules at least 10 Business Days before the expiry of a period of six months from the date of the decision of the Committee (i.e. 17 September 2017).

On 15 September 2017, the Company submitted the Resumption Proposal to the Stock Exchange and entered into a restructuring framework agreement with an investor to set out the terms of the proposed restructuring comprising (i) the Capital Reorganisation; (ii) the Open Offer; (iii) the Creditors Schemes; and (iv) the Acquisition.

On 30 October 2017, the Stock Exchange approved the Resumption Proposal and agreed to allow the Company to submit a new listing application relating to the Resumption Proposal on or before 8 January 2018. Subsequently, the Company had applied for, and the Stock Exchange had granted, extension of time to the Company to submit the new listing application relating to the Resumption Proposal on or before 29 June 2018. On 29 June 2018, the Company submitted the new listing application.

The Restructuring Framework Agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and 28 June 2018, respectively), the Acquisition Agreement dated 15 September 2017 (as supplemented and amended on 9 November 2017 and 28 June 2018, respectively), the Investor Loan Agreement dated 5 December 2017 and the underwriting agreement in respect of the Open Offer dated 28 June 2018 had been subsequently amended in various occasions in response to the changes in market conditions and the developments of the negotiations between the Company, the Investor and other parties to the Resumption Proposal with a view to addressing the concerns raised by the regulators during the vetting process of the draft circular.

On 23 November 2018, the Company further amended the Resumption Proposal, which was subsequently finalised on 16 May 2019 under the Amended and Restated Agreements entered into between the Company and the relevant parties. Pursuant to the Amended and Restated Agreements, the finalised Resumption Proposal involved:

(i) the Capital Reorganisation comprising the Share Premium Cancellation, the Share Consolidation, the Capital Reduction, the Unissued Share Capital Cancellation and the Authorised Share Capital Increase;

(ii) the Share Offer of a total of 227,679,850 Offer Shares for subscription at the Offer Price (i.e. HK$0.19 per Offer Share) which will be fully underwritten by the Underwriter pursuant to the Underwriting Agreement:

- Public Offer: a total of 113,839,925 Offer Shares (i.e. the Public Offer Shares) for subscription by members of the public; and

- Preferential Offering: a total of 113,839,925 Offer Shares (i.e. the Reserved Shares) for subscription by the Qualifying Shareholders on assured basis;

(iii) the Creditors Schemes: the Creditors with the Claims admitted under the Creditors Schemes would be entitled to receive the Creditors Schemes Consideration of approximately HK$13.4 million, which is to be satisfied by way of allotment and issue of 70,331,984 New Shares (i.e. the Creditors Shares) at the issue price of HK$0.19 each and such other sums as may be realised by the Scheme Administrators from the Creditors Schemes Assets;

(iv) the Acquisition: the Company will acquire the entire issued share capital of the Target Company (i.e. the Sale Shares) for the Consideration of approximately HK$144.4 million which will be satisfied by way of allotment and issue of 760,000,000 Consideration Shares (representing approximately 62.2% of the Enlarged Issued Share Capital) to the Investor at the Issue Price of HK$0.19 each; and

(v) the provision of the Investor Loan and Investor Loan Capitalisation: the Investor agreed to provide the Investor Loan up to HK$23 million while up to approximately HK$18 million of which shall be settled by the allotment and issue of the Capitalisation Shares of up to 94,736,842 New Shares (representing approximately 7.8% of the Enlarged Issued Share Capital) at the issue price of HK$0.19 each and the remaining HK$5 million and the interest of 5.5% per annum accrued on the amount of the Investor Loan in excess of approximately HK$18 million shall be settled in cash by proceeds from the Share Offer on the Repayment Date in the event that Completion takes place on the Repayment Date, but fully settled in cash in the event that Completion does not take place on the Repayment Date.

On 4 January 2019, the Company re-submitted a new listing application, and on 24 May 2019, the Stock Exchange has granted the approval-in-principle in relation to the new listing application.

For details, please refer to the announcements of the Company dated 2 December 2016, 6 December 2016, 20 March 2017, 9 November 2017, 10 November 2017, 21 December 2017, 22 January 2018, 22 February 2018, 23 March 2018, 4 April 2018, 4 May 2018, 4 June 2018, 28 June 2018, 29 June 2018, 1 August 2018, 31 August 2018, 2 October 2018, 2 November 2018, 3 December 2018, 31 December 2018, 31 January 2019, 28 February 2019, 28 March 2019, 29 April 2019 and 16 May 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group has 15 full time employees (31 March 2018: 20) in Hong Kong and the People's Republic of China ("PRC"). During the year ended 31 March 2019, the Group incurred staff costs (including Directors' emoluments) of approximately HK$4,082,000 (2018: approximately HK$5,902,000).

Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund Scheme (the "Scheme"), medical schemes and performance-linked discretionary bonuses.

All qualifying employees of the Group in Hong Kong participate in the Scheme. The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. Contributions by the Group were grossly matched by employee contributions.

The emoluments of the executive Directors are recommended by the remuneration committee, and approved by the Board as authorized by the shareholders of the Company in the annual general meeting of the Company, having regard to the respective Directors' experience, responsibility, workload and time devoted to the Group; and the executive Directors may be granted options pursuant to the Share Option Scheme and/or any other such schemes of the Company as part of their remuneration packages.

BORROWING FACILITIES

As at 31 March 2019, the Group has obtained credit facilities from financial institutions and independent third parties up to a maximum amount of approximately HK$21,931,000 (2018: approximately HK$20,513,000) and approximately HK$21,931,000 (2018: approximately HK$20,513,000) of the credit facilities has been utilized.

PLEDGE OF ASSETS

At 31 March 2019, the equity investments listed on the Stock Exchange held by the Group at fair value of approximately HK$14,989,000 were pledged to secure borrowing facilities granted to the Group.

At 31 March 2018, investment properties located in the PRC at carrying values of approximately RMB18,123,000 (equivalent to approximately HK$22,674,000) were pledged to secure general banking facilities granted to the Group.

TREASURY POLICIES

The transactions of the Company and its subsidiaries and the majority of the Group's tangible assets are denominated in Hong Kong Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK$7.8 to US$1.0. As a result, the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risk and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation.

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

(iii) For the year ended 31 March 2018

BUSINESS REVIEW

Stainless steel wires are widely applied in the manufacturing of electric appliances, mobile communication equipment and high precision surgical instruments, with the continuous growth of the smartphone market, rapid development of the mobile communication and rising demand for advanced medical equipment in Hong Kong and the PRC, demand of stainless steel wires from mobile communication and medical industries as raw materials and thus the trading of stainless steel wires kept at a steady level throughout the current year.

The Group also imports household products from Korea and Japan and sell them on a wholesale basis to distributors in Hong Kong and the PRC. The Group considers that the performance of this business segment is acceptable taking into account the current economic climate and the time required for the development of the business. This applies to the nephrite business too.

Chartering of vessel continues to be a regular income stream of the Group.

FINANCIAL REVIEW

The Group's revenue for the year amounted to approximately HK$105,665,000 (2017: approximately HK$84,730,000), increased by approximately HK$20,935,000 as compared to the year in 2017. The significant increase in revenue was mainly attributed to the full-year effect of the businesses of stainless steel wires.

The Group has incurred a gross profit of approximately HK$5,748,000 (2017: approximately HK$16,113,000). Other gains and losses amounted to approximately HK$1,555,000 (2017: approximately HK$80,296,000). Loss for the year increased to approximately HK$76,092,000 as compared to profit approximately HK$2,686,000 in last year.

The significant increase in loss for the year was mainly attributable to the fair value loss on investment properties and the legal and professional fee incurred for the year ended 31 March 2018, while there was an one-off reversal of allowances for trade and other receivables made for the year ended 31 March 2017.

CAPITAL STRUCTURE AND LIQUIDITY

Proposed capital reorganisation

The Company has terminated the capital reorganisation (the "**Old Capital Reorganisation**") originally proposed on 4 July 2016 and has proposed to implement, subject to the approval by the shareholders, the new capital reorganisation (the "**New Capital Reorganisation**") on 9 November 2017 as follows:

(i) Share Premium Cancellation: the entire amount standing to the credit of the share premium account of the Company will be cancelled to set off against part of total accumulated loss of the Company;

(ii) Share Consolidation: every fifty issued shares of HK$0.08 each ("**Share**") will be consolidated into one consolidated share of HK$4.0 each ("**Consolidated Share**") in the issued share capital of the Company;

(iii) Capital Reduction: upon Share Consolidation taking effect, the nominal value of the issued Consolidated Shares will be reduced from HK$4.0 to HK$0.0001 each (i.e. New Share) by cancelling the paid-up capital to the extent of HK$3.9999 each, and the total credit arising therefrom will be applied to further set off the accumulated loss of the Company;

(iv) Unissued Share Capital Cancellation: upon the Capital Reduction taking effect, all the authorized but unissued share capital of the Company will be cancelled in their entirety; and

(v) Authorised Share Capital Increase: upon the Unissued Share Capital Cancellation taking effect, the authorised share capital of the Company will be increased to HK$10,000,000 divided into 100,000,000,000 New Shares.

The New Capital Reorganisation, being part of the resumption proposal ("**Resumption Proposal**") in relation to the proposed restructuring submitted by the Company to the Stock Exchange on 15 September 2017, will be subject to the passing of a special resolution by the shareholders by way of poll at the extraordinary general meeting, and the approval from the Grand Court of the Cayman Islands and the Listing Committee of the GEM Board. For details, please refer to the announcement of the Company dated 9 November 2017 and 14 November 2017.

Proposed open offer

On 9 November 2017, the Company proposed an Open Offer on the basis of nineteen Offer Shares for every one New Share held by the Qualifying Shareholders on the Open Offer Record Date. A total of 1,297,775,145 Offer Shares will be allotted and issued by the Company to the Qualifying Shareholders and/or the Underwriter at the offer price of HK$0.19 for each Offer Share. The Open Offer will be fully underwritten by the Underwriter.

Completion of the Open Offer, being part of the Resumption Proposal, is conditional upon the New Capital Reorganisation becoming effective and the completion of the Acquisition of a Target Company which is principally engaged in provision of interior design services for commercial and residential properties, as well as galleries and show flats for local property developers in Hong Kong. For details, please refer to the announcement of the Company dated 9 November 2017 and 14 November 2017.

As at 31 March 2018, the Group has a current ratio of approximately 0.36 times (31 March 2017: approximately 0.83 times). Gearing ratio, calculated based on non-current liabilities of approximately HK$345,687,000 (31 March 2017: approximately HK$396,045,000) against total deficit of approximately HK$410,031,000 (31 March 2017: approximately HK$348,777,000) increased from -113.55% for 2017 to -84.31% for 2018.

As at 31 March 2018, the Group did not have any material contingent liability (31 March 2017: Nil).

As at 31 March 2018, the Group did not have any material capital commitment (31 March 2017: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisition or disposal of subsidiaries and associated companies during the year.

LITIGATION

(a) On 4 September 2016 the Company announced, amongst other things, that (i) Evotech (Asia) Pte. Limited ("**Evotech**") had entered into a Surrender Agreement with Jurong Town Corporation ("**JTC**") on 6 April 2016 pursuant to which Evotech agreed to surrender its leasehold interest in the real property located at 42 Gul Circle, Singapore 629577 to JTC at the consideration of S$5,620,000 and such transaction was completed on 27 June 2016 without the approval and authorization of the Board ("**the Unauthorized Transaction**"), and (ii) the Company was investigating into the circumstances leading to the entering into the Unauthorized Transaction and the payments made by Evotech from the proceeds of the Unauthorized Transaction.

Upon completion of the said investigation and with the benefit of legal advice, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore (Case no. HC/S 1242/2016) against Mr. Koh Ta Lee ("**Mr. Koh**") for breaches of his duties as director and employee of Evotech and against Ms. Lily Bey Lay Lay ("**Lily Bey**"), another ex-director of Evotech, for breaches of her duties as director of Evotech and, for recovery of damages in the sums of S$2,285,000 and US$1,070,000 (the "**Singapore Legal Action**").

In the Singapore Legal Action, Mr. Koh and Lily Bey filed their Defence and Counterclaim to contest Singapore Legal Action and also commenced Third Party Proceedings ("**Third Party Proceedings**") against the Company and Ms. Yip Man Yi, the Chairman of the Company (the "**Singapore Third Parties**").

In the Third Party Proceedings, Mr. Koh and Lily Bey sought indemnities and/or contributions against the Singapore Third Parties for authorizing and approving all the monetary transactions claimed by Evotech in the Singapore Legal Action to set off of sums as may be applicable between all parties in the legal action, if any.

On 17 January 2017, the High Court of The Republic of Singapore granted leave for service of the Singapore Third Party Proceedings on the Singapore Third Parties out of the jurisdiction of the Republic of Singapore and the Singapore Third Parties have duly instructed their attorneys in the Republic of Singapore to enter appearance and contest the proceedings.

The hearing commenced on 28 February 2018. At the commencement of the hearing, Mr. Koh and Lily Bey, through their attorney, withdrew the Third Party Proceedings against the Singapore Third Parties. However, Mr. Koh and Lily Bey did not agree to the amount of legal costs payable to the Company and other for the withdrawal of the Third Party Proceedings. In this regard, the legal costs to be paid by Mr. Koh and Lily Bey to the Singapore Third Parties shall be determined by the High Court of The Republic of Singapore at a taxation hearing.

The Board has obtained legal opinion that both Evotech and the Company have meritorious claim and defence in the Singapore Legal Action and the Third Party Proceedings and such proceedings shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of the Singapore Legal Action and the Third Party Proceedings was made in the consolidated financial statements.

The Company's attorney in The Republic of Singapore is in the process of finalising the taxation application and will update the status in due course.

(b) On 2 November 2017, the Company received a demand letter from Kesterion. On 17 November 2017, the Company received a Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2631 of 2017 against CAAL as the 1st Defendant and the Company as the 2nd Defendant. On 20 November 2017 and 21 November 2017, the Company and its authorised representatives respectively received another Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2662 of 2017 against the Company (collectively "**the Writs**").

The Writs are in relation to the repayment of a loan originally advanced by Kesterion to the Company. On 4 November 2016, the Company was notified by CAAL that CAAL and Kesterion had entered into a deed of assignment on 31 October 2016 pursuant to which Kesterion has assigned all its rights, title and interest in all the debts and liabilities owed by the Company to Kesterion to CAAL.

The Company filed its defence for both actions on 25 January 2018. Kesterion filed its reply for both actions on 22 February 2018.

On 5 March 2018, by consent, the Court ordered that these two actions be consolidated, and that under the consolidated action, Kesterion is the Plaintiff while CAAL and the Company are the 1st Defendant and the 2nd Defendant, respectively.

As the claim under the Writs is related to the assignment between Kesterion and CAAL and the Company has already recorded the corresponding loan in the consolidated financial statements, the Board considered that the claim under the Writs shall have no adverse impact upon the financial position of the Group except that the corresponding loan has been reclassified from non-current liabilities to current liabilities based on the original terms of the loan facility.

Save as discussed in the above section, during the year ended 31 March 2018, no member of the Group is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

LISTING STATUS

The Company has received a letter dated 2 December 2016 from the Stock Exchange considered that the Company has failed to maintain sufficient operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of its shares. The Stock Exchange has therefore decided to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commence the procedures to cancel the Company's listing under Rules 9.14 to 9.16 of the GEM Listing Rules (the "**Decision**"). The letter serves as a notice to the Company under Rule 9.15 of the GEM Listing Rules.

After considering legal advice, the Company through its lawyer submitted a written request to the GEM Listing Committee of the Stock Exchange (the "**Committee**") pursuant to Chapter 4 of the GEM Listing Rules for reviewing of the Decision on 6 December 2016. On 14 December 2016, it was confirmed by the Stock Exchange that the review hearing of the GEM Listing Committee has been scheduled on 7 March 2017.

On 17 March 2017, the Stock Exchange notified the Company that the Committee, having considered all the submissions (both written and oral) made by the Company to the Listing Department of the Stock Exchange, the Committee considered that the Company had failed to maintain sufficient operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Company's shares. The Committee therefore decided to uphold the Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commenced the procedures to cancel the Company's listing under Rules 9.14 to 9.16 of the GEM Listing Rules.

After considering legal advice, the Board has decided not to appeal against the decision of the Committee to the Listing Appeals Committee.

At the request of the Company, trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 20 March 2017.

On 15 September 2017, the Company submitted the Resumption Proposal to the Stock Exchange and entered into a restructuring framework agreement with an investor to set out the terms of the proposed restructuring comprising (i) the Capital Reorganisation; (ii) the Open Offer; (iii) the Creditors Schemes; and (iv) the Acquisition.

On 30 October 2017, the Company received a letter from the Stock Exchange in which it stated that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Resumption Proposal on or before 8 January 2018.

On 19 January 2018, the Stock Exchange granted an extension of time to the Company to submit the new listing application relating to the Resumption Proposal on or before 29 March 2018 and (ii) despatch the circular in accordance with the requirements under the GEM Listing Rules and the Takeovers Code on or before 19 June 2018. On 29 March 2018, the Stock Exchange granted a further extension of time to the Company to submit the new listing application relating to the Resumption Proposal on or before 29 June 2018 and (ii) despatch the circular in accordance with the requirements under the GEM Listing Rules and the Takeovers Code on or before 12 September 2018. If the Company fails to submit a new listing application by 29 June 2018, or the transactions proposed in the Resumption Proposal fail to proceed with for any reasons, the Stock Exchange will proceed with the cancellation of listing of the Shares on the Stock Exchange.

For details, please refer to the announcements of the Company dated 2 December 2016, 6 December 2016, 20 March 2017, 9 November 2017, 10 November 2017, 21 December 2017, 22 January 2018, 22 February 2018, 23 March 2018, 4 April 2018 and 4 May 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group has 20 full time employees (31 March 2017: 27) in Hong Kong and the PRC. During the year ended 31 March 2018, the Group incurred staff costs (including Directors' emoluments) of approximately HK$5,016,000 (2017: approximately HK$7,432,000).

Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund Scheme (the "**Scheme**"), medical schemes and performance-linked discretionary bonuses.

All qualifying employees of the Group in Hong Kong participate in the Scheme. The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. Contributions by the Group were grossly matched by employee contributions.

The emoluments of the executive Directors are recommended by the remuneration committee, and approved by the Board as authorized by the shareholders of the Company in the annual general meeting of the Company, having regard to the respective Directors' experience, responsibility, workload and time devoted to the Group; and the executive Directors may be granted options pursuant to the Share Option Scheme as defined in note 34 to the consolidated financial statements and/or any other such schemes of the Company as part of their remuneration packages.

BORROWING FACILITIES

As at 31 March 2018, the Group has obtained credit facilities from various banks, financial institutions and independent third parties up to a maximum amount of approximately HK$20,513,000 (2017: approximately HK$14,870,000) and approximately HK$20,513,000 (2017: approximately HK$13,870,000) of the credit facilities has been utilized.

PLEDGE OF ASSETS

At 31 March 2018, investment properties located in the PRC at carrying values of approximately RMB18,123,000 (equivalent to approximately HK$22,674,000) (2017: RMB25,180,000 (equivalent to approximately HK$28,406,000)) were pledged to secure general banking facilities granted to the Group.

TREASURY POLICIES

The transactions of the Company and its subsidiaries are mainly denominated in United States Dollar and the majority of the Group's tangible assets are denominated in Hong Kong Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK$7.8 to US$1.0. As a result, the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risk and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation.

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

(iv) For the year ended 31 March 2017

BUSINESS REVIEW

Trading of Stainless Steel Wires

The Group has acquired this business segment in the first quarter of the current financial year. Since the stainless steel wires are widely applied in the manufacturing of electric appliances, mobile communication equipment and high precision surgical instruments, with the continuous growth of the smartphone market, rapid development of the mobile communication and rising demand for advanced medical equipment in Hong Kong and the PRC, demand of stainless steel wires from mobile communication and medical industries as raw materials thus increased steadily throughout the current year.

Stainless steel wires are also used as raw material of glass frame and zipper. In view of the change of trend of fashion recently in the PRC and the Asian markets, design for both industries is expected to incline to metal. Thus the Group anticipates the business of trading of stainless steel wires will continuous to grow in the coming year.

Trading of Skincare and Household Products

To further broaden the source of income of the Group, the Group has commenced the trading of cosmetic and household products in June 2016. The Group primarily imports the products from Korea and Japan and sell the products on a wholesale basis to distributors in Hong Kong and the PRC. The Group considers that the performance of this business segment is acceptable taking into account the current economic climate and the time required for the development of the business.

And to in line with the corporate strategy for further fostering the Group's revenue and diversifying the Group's revenue base, the sales for this business segment will continue to seek for various opportunities to expand the product lines and the Group is optimistic about this expected increasing trend of revenue.

OTHERS

Nephrite business has shown a steady trend of revenue for the Group. The Group will continue to explore opportunity to increase income and raise the market reputation of the Group.

Performance of water trading was marginal in the current financial year. However, the Group believes that the market of clean and worry-free drinking water in PRC will still be a large potential market in view of the arising awareness of healthy lifestyle. The Group will grasp this chance to expand the existing market share.

Chartering of vessel constitute part of strategic investments of the Group to diversify its business segments and for the Group to capitalize new opportunities to achieve new and regular income stream and financial growth.

FINANCIAL REVIEW

The Group's revenue for the year amounted to approximately HK$84,730,000 (2016: approximately HK$14,195,000 (as restated)), increased by approximately HK$70,535,000 as compared to the Year in 2016. The significant increase in revenue was mainly attributed to the prospected trading businesses commenced during the year.

The Group has incurred a gross profit of approximately HK$16,113,000 (2016: a gross loss of approximately HK$1,646,000 (as restated)). Other gains amounted to approximately HK$80,296,000 (2016: other loss of approximately HK$160,268,000 (as restated)). Profit for the year increased to approximately HK$2,686,000 as compared to loss approximately HK$498,230,000 in last year.

The significant decrease in loss for the year was mainly attributable to the reversal of trade and other receivables made in prior years, gain on redemption of convertible bonds liabilities and fair value gain of investment properties.

With reference to the announcement of the Company dated 11 November 2016, it was made known to the Company by its legal advisor on 9 September 2016 that the government of the PRC has imposed a fine on 20 May 2016 to Aquaterra China Trading (Shanghai) Company Limited, a direct wholly-owned subsidiary of Pan Asia Mining (Beijing) Company Limited ("**PAM (BJ)**"), a company incorporated in the PRC and is an indirect wholly owned subsidiary of the Company, in the amount of approximately RMB7,116,000 (equivalent to approximately HK$8,415,000) regarding the tampered production and expiry dates by supplier of certain bottled mineral water in its inventory. Accordingly, the relevant inventory has been fully impaired amounting to approximately RMB2,842,000 (equivalent to approximately HK$3,212,000). The financial impact has been reflected this year.

CAPITAL STRUCTURE AND LIQUIDITY

Completion of Rights Issue and Early Redemption of Convertible Bonds

On 18 May 2016, the Company completed the Rights Issue. A total number of 2,529,776,120 ordinary shares of HK$0.08 each were issued with net proceeds of approximately HK$270,000,000. The Company used HK$229,300,000 of the net proceeds to early redeem the outstanding convertible bonds issued on 12 May 2015 with the principal amounts of US$30,000,000.

As a result of the completion of Rights Issue and early redemption of convertible bonds with the outstanding principal amount of US$30,000,000 on 18 May 2016, the conversion price of the convertible bonds with the outstanding principal amount of US$50,000,000 (equivalent to approximately HK$390 million), due for full redemption on 12 May 2020, has been adjusted from HK$4.0 per Share to HK$1.73 per Share and the number of outstanding converted Shares has been adjusted from 97,500,000 Shares to 225,433,526 Shares.

Proposed Capital Reorganisation

On 4 July 2016, the Company proposed to implement the capital reorganisation which involved:

(a) the proposed share consolidation whereby every ten issued Shares will be consolidated into one Consolidated Share;

(b) the proposed Capital Reduction of the issued share capital through a cancellation of the paid up capital to the extent of HK$0.7999 on each of the Consolidated Share such that the nominal value of each issued Consolidated Share will be reduced from HK$0.80 to HK$0.0001;

(c) the credit arising from the Capital Reduction shall be applied towards offsetting the accumulated deficit of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated deficit of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate; and

(d) immediately following the Capital Reduction, the proposed Share Subdivision whereby each of the authorized but unissued Consolidated Shares of HK$0.80 be sub-divided into eight thousand new Shares of HK$0.0001 each. The aforesaid capital reorganisation was approved by the Shareholders as special resolution at the extraordinary general meeting of the Company held on 11 August 2016. As at the date of this report, the capital reorganisation has not become effective.

On 14 November 2017, the Company announced that the Old Capital Reorganisation has been terminated.

Completion of Placing of Shares Under General Mandate

On 12 August 2016, completion of the placing took place. 569,199,627 placing shares (the "**Placing Shares**") have been placed by the placing agent (the "**Placing Agent**") at the placing price of HK$0.08 to not less than six placees. The Placing Shares represent 20% of the issued share capital of the Company of 2,845,998,135 Shares as at 28 July 2016 and approximately 16.67% of the issued share capital of the Company of 3,415,197,762 Shares as enlarged by the placing. The net proceeds from the placing, after deducting the placing commission and other relevant expenses, amounted to approximately HK$44.0 million and have been used as general working capital of the Group.

Assignment of Loan

On 4 November 2016, the Company received a notice from the solicitors of CAAL Capital Company Limited ("**CAAL**") that, by a deed of assignment dated 31 October 2016, Kesterion Investments Limited ("**Kesterion**") (in which Kesterion is a company incorporated in the British Virgin Islands and is wholly-owned by Ms. Wong) has assigned all its rights, title and interest in all the debts and liabilities owed by the Company to Kesterion to CAAL. As such, Kesterion has ceased to be a creditor of the Company.

As at 31 March 2017, the Group has a current ratio of approximately 0.83 times (31 March 2016: approximately 0.07 times). Gearing ratio, calculated based on non-current liabilities of approximately HK$396,045,000 (31 March 2016: approximately HK$383,521,000) against total deficit of approximately HK$348,777,000 (31 March 2016: total deficit of approximately HK$561,180,000) decreased from -68.34% for 2016 to -113.55% for 2017.

As at 31 March 2017, the Group did not have any material contingent liability (31 March 2016: Nil).

As at 31 March 2017, the Group did not have any material capital commitment (31 March 2016: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had the following major acquisitions and disposals during the year.

Acquisition of Subsidiaries

On 19 April 2016, a wholly owned subsidiary of the Company, Allied Power Global Limited, entered into a memorandum of understanding ("**MOU**") in relation to a proposed acquisition with a vendor in which the target company will be principally engaged in the operation and management of a solar power plant. However, the MOU was terminated on 19 July 2016 upon expiry of the exclusive period.

On 10 June 2016, a wholly owned subsidiary of the Company, Zhanhui Limited, entered into an agreement with another vendor to acquire 100% of the issued share capital of FuHang at the consideration of HK$12,500,000 which has been satisfied by (i) HK$4,000,000 in cash and (ii) HK$8,500,000 by the issuance of the promissory note to the vendor. FuHang is engaged in trading of stainless steel wires in Hong Kong and the PRC.

On the other hand, on 25 August 2016, a wholly owned subsidiary of the Company, Diamond Year Limited, entered into an agreement with another vendor to acquire the entire issued share capital of Ultra Treasure and the entire outstanding unsecured interest free shareholder's loan owed by Ultra Treasure at the consideration of HK$19,000,000 by issuance of a promissory note to the vendor. Ultra Treasure owes a vessel that has been registered in Hong Kong.

For details of the above, please refer to the announcements of the Company dated 19 April 2016, 10 June 2016, 19 July 2016 and 25 August 2016.

Termination of Disposals of Two Subsidiaries

On 17 June 2016, a wholly-owned subsidiary of the Company, BSE, has entered into a sales and purchase agreements with an independent third party to sell all issued shares of PAM (BJ), which is principally engaged in trading of bottled mineral water and tea products in the PRC. The total consideration is HK$80,000, which shall be satisfied by cash within 10 days after completion of the transaction, which was subject to obtaining relevant approval from relevant PRC governmental authorities.

On the same day, BSE has entered into another sales and purchase agreement with Ms. Wong, the spouse of Mr. Koh who was an ex-executive director of the Company, to sell all issued shares of Black Sand International (Singapore) Pte. Limited, a company incorporated in Singapore and is an indirect wholly-owned subsidiary of the Company, which is principally engaged in trading of scrap metals in Singapore. The total consideration is HK$5,000,000, which shall be satisfied by setting off against part of the loan provided by Kesterion before upon completion of the transaction, which was subject to obtaining relevant approval from relevant governmental authorities, the Board and the independent shareholders at the extraordinary general meeting of the Company.

Nevertheless, on 1 September 2016, parties to the sale and purchase agreement in relation to the Discloseable Disposal mutually agreed not to proceed with the Discloseable Disposal and entered into a termination agreement to terminate such. Also, the Company intended to terminate the Major Disposal and thus kept continuing to negotiate with Ms Wong, in which the Major Disposal was subsequently be terminated legally on the Long Stop Date on 30 October 2016. For details, please refer to the announcements of the Company dated 17 June 2016, 7 August 2016 and 1 September 2016.

Surrender of Leasehold Property

On 6 April 2016, an indirect wholly-owned subsidiary of the Company, Evotech and JTC had entered into the Surrender Agreement pursuant to which Evotech agreed to surrender a leasehold property to JTC at the consideration of S$5,620,000 excluding goods and services tax in Singapore. Completion had taken place on 27 June 2016. The Surrender Agreement and the Transaction were only made known to the Company after trading hours on 2 September 2016 by the independent internal control advisor and have not been approved and authorized by the Company.

The Company's Singapore legal advisors have completed their investigation(s) into the circumstances relating to and leading to the Transaction and have concluded that:

(i) the directors of Evotech have breached Section 160 of the Companies Act (Cap 50) Singapore (the "**Act**") in failing to obtain approval for the Transaction in general meeting of Evotech which constituted an offence under the Act; and

(ii) there were misuse of Company funds by Evotech from the proceeds of the Transaction.

Upon the advice of the Company's Singapore legal advisors, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore against Mr. Koh for breaches of his duties as director and employee of Evotech and against Lily Bey Lay Lay ("**Lily Bey**") for breaches of her duties as director of Evotech, for S$2,285,000 and US$1,070,000.

For details, please refer to the announcements of the Company dated 4 September 2016 and 23 November 2016.

LITIGATION

(i) On 4 September 2016 the Company announced, amongst other things, that (i) Evotech had entered into a Surrender Agreement with JTC on 6 April 2016 pursuant to which Evotech agreed to surrender its leasehold interest in the real property located at 42 Gul Circle, Singapore 629577 to JTC at the consideration of S$5,620,000 and such Unauthorized Transaction was completed on 27 June 2016 without the approval and authorization of the Board, and (ii) the Company was investigating into the circumstances leading to the entering into the Unauthorized Transaction and the payments made by Evotech from the proceeds of the Unauthorized Transaction.

Upon completion of the said investigation and with the benefit of legal advice, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore against Mr. Koh for breaches of his duties as director and employee of Evotech and against Lily Bey, another ex-director of Evotech, for breaches of her duties as director of Evotech and, for recovery of damages in the sums of S$2,285,000 and US$1,070,000.

In the Singapore Legal Action, Mr. Koh and Lily Bey filed their Defence and Counterclaim to contest the claims by Evotech and commenced Singapore Third Party Proceedings against the Company and others alleging that as the ultimate holding company of Evotech the Company had authorized all the monetary transactions claimed by Evotech in the Singapore Legal Action and that Mr. Koh and Lily Bey are entitled to set off so much of the benefit received by the Company in those monetary transactions against the claims by Evotech in the Singapore Legal Action.

On 17 January 2017 the High Court of The Republic of Singapore granted leave for service of the Singapore Third Party Proceedings on the Company and other third parties involved out of the jurisdiction of the Republic of Singapore and the Company has duly instructed its attorney in The Republic of Singapore to enter appearance in the Singapore Third Party Proceedings denying the alleged authorization of those monetary transactions claimed by Evotech in the Singapore Legal Action and contesting the relief so claimed by Mr. Koh and Lily Bey.

The Board has obtained proper legal advice from its attorney in Singapore and formed the view that both Evotech and the Company have meritorious claim and defence in the Singapore Legal Action and the Singapore Third Party Proceedings and such proceedings shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of the Singapore Legal Action and the Singapore Third Party Proceedings was made in the consolidated financial statements.

(ii) On 12 December 2016 Team Kingdom Limited ("**Team Kingdom**"), a wholly-owned subsidiary of the Company, commenced legal proceedings entitled DCCJ 5968/2016 ("**DCCJ Action 5968/2016**") at the District Court of the Hong Kong S.A.R. against Mr. Koh for the recovery of a sum of HK$500,000 together with interest due under an Acknowledgment of Indebtedness dated 6 June 2016 and BSE, a wholly-owned subsidiary of the Company, also commenced legal proceedings entitled DCCJ 5967/2016 ("**DCCJ Action 5967/2016**") at the District Court of the Hong Kong S.A. R against Mr. Koh for the recovery of a sum of HK$100,000 for unlawful conversion of the property of BSE to his own use.

Mr. Koh has filed his Defence and Counterclaim in DCCJ Action 5968/2016 and DCCJ 5967/2016 contesting the respective claims by Team Kingdom and BSE.

The Board has obtained proper legal advice from its legal representative and formed the view that both Team Kingdom and BSE do have meritorious claims against Mr. Koh and both DCCJ Action 5968/2016 and DCCJ Action 5967/2016 shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of DCCJ Action 5968/2016 and DCCJ Action 5967/2016 was made in the consolidated financial statements.

Having considered the costs to be incurred in both DCCJ Action 5968/2016 and DCCJ Action 5967/2016 and the amount at stake, the parties to DCCJ Action 5968/2016 and DCCJ Action 5967/2016 have amicably settled the matters, whereby they respectively withdrew their claims and counterclaims in both Actions with payment of a nominal sum as costs by the Company to the defendants involved.

Save as discussed in the above sections, during the year ended 31 March 2017, no member of the Group is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

LISTING STATUS

The Company has received a letter dated 2 December 2016 from the Stock Exchange considered that the Company has failed to maintain sufficient operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of its shares. The Stock Exchange has therefore decided to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and commence the procedures to cancel the Company's listing under Rules 9.14 to 9.16 of the GEM Listing Rules. The Letter serves as a notice to the Company under Rule 9.15 of the GEM Listing Rules.

After considering legal advice, the Company through its lawyer submitted a written request to the Committee pursuant to Chapter 4 of the GEM Listing Rules for reviewing of the Decision on 6 December 2016. On 14 December 2016, it was confirmed by Stock Exchange that the review hearing of the GEM Listing Committee has been scheduled on 7 March 2017.

On 17 March 2017, the Stock Exchange notified the Company that the Committee having considered all the submissions (both written and oral) made by the Company to the Listing Department of the Stock Exchange, the Committee considered that the Company had failed to maintain sufficient operations or assets under GEM Listing Rule 17.26 to warrant the continued listing of the Company's shares. The Committee therefore decided to uphold the Decision to suspend trading in the Company's shares under GEM Listing Rules 9.04 and commence the procedures to cancel the Company's listing under GEM Listing Rules 9.14 to 9.16.

After considering legal advice, the Board has decided not to appeal against the decision of the Committee to the Listing Appeals Committee. Accordingly, trading in the shares of the Company is required to be suspended and the Company is required to submit a resumption proposal to demonstrate that it has a sufficient level of operations or assets as required by Rule 17.26 of the GEM Listing Rules at least 10 business days before the expiry of a period of six months from the date of the decision of the Committee (i.e. 17 September 2017). If the Company fails to submit a viable resumption proposal by the aforesaid deadline, the Stock Exchange will proceed with cancellation of the Company's listing.

At the request of the Company, trading in the shares of the Company has been suspended with effect from 9:00 a.m. on 20 March 2017.

For details, please refer to the announcements of the Company dated 2 December 2016, 6 December 2016 and 20 March 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group has 27 full time employees (31 March 2016: 61) in Hong Kong, Singapore, Indonesia and the PRC. During the year ended 31 March 2017, the Group incurred staff costs (including Directors' emoluments) of approximately HK$7,432,000 (2016: approximately HK$26,509,000).

Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund Scheme (the "**Scheme**"), medical schemes and performance-lined discretionary bonuses.

All qualifying employees of the Group in Hong Kong participate in the Scheme. The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. Contributions by the Group were grossly matched by employee contributions.

The emoluments of the executive Directors are recommended by the remuneration committee, and approved by the Board as authorized by the shareholders of the Company in the annual general meeting of the Company, having regard to the respective Directors' experience, responsibility, workload and time devoted to the Group; and the executive Directors may be granted options pursuant to the Share Option Scheme as defined in note 41 to the consolidated financial statements and/or any other such schemes of the Company as part of their remuneration packages.

BORROWING FACILITIES

As at 31 March 2017, the Group has obtained credit facilities from various banks, financial institutions and independent third parties up to a maximum amount of approximately HK$14,870,000 (2016: approximately HK$12,647,000) and approximately HK$13,870,000 (2016: approximately HK$11,919,000) of the credit facilities has been utilized.

PLEDGE OF ASSETS

At 31 March 2017, investment properties located in the PRC at carrying values of approximately RMB25,180,000 (equivalent to approximately HK$28,406,000) (31 March 2016: a warehouse property located in Singapore at carrying value of S$7,000,000 (equivalent to approximately HK$40,219,000) and investment properties located in the PRC at carrying values of approximately RMB13,599,000 (equivalent to approximately HK$16,290,000)) were pledged to secure general banking facilities granted to the Group.

TREASURY POLICIES

The transactions of the Company and its subsidiaries are mainly denominated in United States Dollar and the majority of the Group's tangible assets are denominated in Hong Kong Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK$7.8 to US$1.0. As a result, the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risk and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation. The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

5. PROSPECTS

The Acquisition forms part and parcel of the Resumption Proposal seeking for the resumption of trading in the Shares. Upon completion of the Resumption Proposal, the Group will primarily engage in the Target Group's business. All the existing businesses including assets and liabilities of the Company will be transferred to the Scheme SPC. The Board will closely work with professional parties on the new listing application for the Resumption in the near future and strive for the best return to the Shareholders.

6. MATERIAL ADVERSE CHANGES

Save as disclosed below, as at the Latest Practicable Date, the Directors confirmed that there are no material adverse changes in the financial or trading position or outlook of the Group since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up:

(1) the Proposed Restructuring involving, among other things, the Capital Reorganisation, the Creditors Schemes, the Open Offer (amended to the Share Offer on 23 November 2018), the Acquisition and the Investor Loan Capitalisation (as amended and restated in the Restructuring Framework Agreement dated 16 May 2019).

7. WORKING CAPITAL

The Directors, after due and carefully enquiry, are of the opinion that following Completion, after taking into account the financial resources available to the Restructured Group, including internally generated funds, the available banking facilities and the estimated net proceeds from the Share Offer, the Restructured Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this prospectus, in the absence of unforeseeable circumstances.

8. INDEBTEDNESS STATEMENTS

As at 30 September 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the indebtedness of the Group and the Restructured Group is analysed as follows:

The Group

	HK$'000
Unsecured and unguaranteed:	
Other borrowings	124,267
Convertible bonds	360,483
Promissory notes	30,620
Corporate bonds	23,922
	539,292

The Restructured Group

	HK$'000
Unsecured and unguaranteed:	
Amounts due to directors	39
Amounts due to Whistle Up	50
Other borrowings	124,267
Convertible bonds	360,483
Promissory notes	30,620
Corporate bonds	23,922
	539,381
Secured and guaranteed:	
Bank loans	52,199
Total	591,580

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE RESTRUCTURED GROUP

The accompanying unaudited pro forma financial information has been prepared to illustrate the effect of the "Proposed Restructuring" which comprises (i) the Capital Reorganisation, (ii) the Creditors Schemes, (iii) the Share Offer and (iv) the Acquisition of the entire equity interest in Absolute Surge Limited (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**"), which might have affected the financial information of Union Asia Enterprise Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**"). The Group immediately after the completion of the Proposed Restructuring is referred to as the "**Restructured Group**". In accordance with Hong Kong Financial Reporting Standard 3 "Business Combinations" ("**HKFRS 3**"), the Target Company is accounted for as the accounting acquirer and the Company as the accounting acquiree of the Acquisition.

The unaudited pro forma consolidated statement of financial position of the Restructured Group and the unaudited pro forma adjusted consolidated net tangible assets of the Restructured Group as at 31 March 2019 have been prepared based on (1) audited consolidated statement of financial position of the Group as at 31 March 2019, as extracted from the annual report of the Company for the year ended 31 March 2019 and (2) the audited consolidated statement of financial position of the Target Group as at 30 June 2019, as extracted from the accountants' report of the Target Group as set out in Appendix III to this Prospectus, and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Proposed Restructuring had been completed on 31 March 2019.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Restructured Group have been prepared based on (1) the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 March 2019, as extracted from the annual report of the Company for the year ended 31 March 2019 and (2) the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Target Group for the year ended 31 March 2019, as extracted from the accountants' report of the Target Group as set out in Appendix III to this Prospectus, and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Proposed Restructuring had been completed on 1 April 2018.

The unaudited pro forma financial information has been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Restructured Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Restructured Group that would have been attained had the Proposed Restructuring actually occurred on the dates indicated herein.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE RESTRUCTURED GROUP

	Consolidated statement of financial position of the Group as at 31 March 2019	Pro forma adjustments								Consolidated statement of financial position of the Group as at 31 March 2019	Consolidated statement of financial position of the Target Group as at 30 June 2019	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position of the Restructured Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 4)*	*(Note 5)*	*(Note 7)*	*(Note 8)*	*(Note 9a)*	*(Note 9b)*	*(Note 9c)*	*(Note 9d)*		*(Note 3)*	*(Note 10a)*	*(Note 10b)*	
Non-current assets														
Property, plant and equipment	76					(76)				–	1,627			1,627
Right-of-use assets	–									–	7,537			7,537
Financial assets at fair value through profit or loss	–									–	8,968			8,968
Deferred tax assets	–									–	1			1
	76									–	18,133			18,133
Current assets														
Inventories	2,811					(2,811)				–	–			–
Trade and other receivables	35,604					(35,604)				–	11,484			11,484
Financial assets at fair value through profit or loss	14,989					(14,989)				–	–			–
Contract cost assets	–									–	551			551
Contract assets	–									–	23,082			23,082
Current tax assets	–									–	960			960
Cash and bank balances	599				43,259	(599)			(22,500)	20,759	23,752			44,511
	54,003									20,759	59,829			80,588
Current liabilities														
Trade and other payables	34,509	7,500				(24,509)			(17,500)	–	4,673			4,673
Contract liabilities	–									–	6,031			6,031
Bank and other borrowings	119,084	13,400				(109,484)		(18,000)	(5,000)	–	32,043			32,043
Promissory note	30,316					(30,316)				–	–			–
Current tax liabilities	640					(640)				–	4,216			4,216
Lease liabilities	–									–	4,451			4,451
Amounts due to directors	–									–	40			40
Amount due to holding company	–									–	50			50
	184,549									–	51,504			51,504
Net current (liabilities)/assets	(130,546)									20,759	8,325			29,084

	Consolidated statement of financial position of the Group as at 31 March 2019	Pro forma adjustments								Consolidated statement of financial position of the Group as at 31 March 2019	Consolidated statement of financial position of the Target Group as at 30 June 2019	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position of the Restructured Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 4)*	*(Note 5)*	*(Note 7)*	*(Note 8)*	*(Note 9a)*	*(Note 9b)*	*(Note 9c)*	*(Note 9d)*		*(Note 3)*	*(Note 10a)*	*(Note 10b)*	
Non-current liabilities														
Convertible bonds	336,245					(336,245)				–	–			–
Corporate bonds	23,262					(23,262)				–	–			–
Lease liabilities	–									–	3,096			3,096
Deferred tax liabilities	–									–	33			33
	359,507									–	3,129			3,129
Net (liabilities)/assets	(489,977)									20,759	23,329			44,088
Capital and reserves														
Share capital	273,216			(273,209)	23		7	9		46	–	(46)	122	122
Share premium	3,661,406		(3,661,406)		43,236		13,356	17,991		74,583	–	(74,583)		–
Reserves	(4,424,599)	(20,900)	3,661,406	273,209		470,377	(470,377) 457,014			(53,870)	23,329	(12,971) 87,600	(122)	43,966
Total equity	(489,977)									20,759	23,329			44,088

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE RESTRUCTURED GROUP

	Consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2019	Consolidated statement of profit or loss and other comprehensive income of the Target Group for the year ended 31 March 2019	Sub-total	Pro forma adjustments			Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Restructured Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 2)	*(Note 3)*		*(Note 4)*	*(Note 9b)*	*(Note 10a)*	
Revenue	35,837	69,810	105,647				105,647
Cost of sales	(34,794)	(28,477)	(63,271)				(63,271)
Gross Profit	1,043	41,333	42,376				42,376
Administrative expenses	(19,544)	(20,949)	(40,493)	(20,900)			(61,393)
Other income	59	131	190				190
Other (losses)/gains	(14,053)	877	(13,176)				(13,176)
(Loss)/profit from operations	(32,495)	21,392	(11,103)				(32,003)
Gain on debt restructuring of the Group	–	–	–		457,014		457,014
Deemed listing expenses	–	–	–			(66,841)	(66,841)
Finance costs	(61,233)	(1,244)	(62,477)				(62,477)
(Loss)/profit before tax	(93,728)	20,148	(73,580)				295,693
Income tax	(64)	(2,982)	(3,046)				(3,046)
(Loss)/profit for the year from continuing operations	(93,792)	17,166	(76,626)				292,647
Discontinued operations							
Profit for the year from discontinued operations	13,978	–	13,978				13,978
(Loss)/profit for the year	(79,814)	17,166	(62,648)				306,625
Other comprehensive income after tax							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences arising from translation of foreign operations	(527)	–	(527)				(527)
Other comprehensive expenses for the year, net of tax	(527)	–	(527)				(527)
Total comprehensive (expenses)/income for the year and attributable to owners of the Company	(80,341)	17,166	(63,175)				306,098

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE RESTRUCTURED GROUP

	Consolidated statement of cash flows of the Group for the year ended 31 March 2019	Consolidated statement of cash flows of the Target Group for the year ended 31 March 2019	Sub-total	Pro forma adjustments					Unaudited pro forma consolidated statement of cash flows of the Restructured Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 2)	*(Note 3)*		*(Note 4)*	*(Note 8)*	*(Note 9b)*	*(Note 9d)*	*(Note 10a)*	
Cash flows from operating activities									
(Loss)/Profit before tax									
Continuing operations	(93,728)	20,148	(73,580)						
Discontinued operations	13,978	–	13,978						
	(79,750)	20,148	(59,602)	(20,900)		457,014		(66,841)	309,671
Adjustments for:									
Financial costs	61,776	1,244	63,020						63,020
Interest income	–	(12)	(12)						(12)
Depreciation	1,006	1,481	2,487						2,487
Impairment loss on trade receivables	4,060	–	4,060						4,060
Loss on disposal of property, plant and equipment	7,833	–	7,833						7,833
Fair value loss/(gain) on finance assets at fair value through profit or loss	5,119	(875)	4,244						4,244
Gain on disposal of financial assets at fair value through profit or loss	(1,002)	–	(1,002)						(1,002)
Impairment loss on goodwill	10,137	–	10,137						10,137
Gain on disposal of subsidiary	(30,212)	–	(30,212)						(30,212)
Deregistration of subsidiaries	(21)	–	(21)						(21)
Gain on debt restructuring of the Group	–	–	–			(457,014)			(457,014)
Deemed listing expenses	–	–	–					66,841	66,841
Operating (loss)/profit before working capital changes	(21,054)	21,986	932						(19,968)
Changes in inventories	(2,080)	–	(2,080)						(2,080)
Changes in trade and other receivables	(31,352)	15,802	(15,550)						(15,550)
Changes in trade and other payables	42,608	(137)	42,471	7,500					49,971
Changes in contract cost assets	–	264	264						264
Changes in contract assets	–	(4,607)	(4,607)						(4,607)
Changes in contract liabilities	–	(511)	(511)						(511)
Cash (used in)/generated from operations	(11,878)	32,797	20,919						7,519
Net proceeds from disposal of financial assets at fair value through profit or loss	2,238	–	2,238						2,238
Income tax paid	(272)	(3,623)	(3,895)						(3,895)
Net cash (used in)/generated from operating activities	(9,912)	29,174	19,262						5,862
Cash flows from investing activities									
Proceeds from disposal of subsidiaries	671	–	671						671
Proceeds from disposal of property, plant and equipment	5,046	–	5,046						5,046
Interest received	–	12	12						12
Purchase of property, plant and equipment	–	(672)	(672)						(672)
Net cash generated from/(used in) investing activities	5,717	(660)	5,057						5,057
Cash flow financing activities									
Net proceeds from bank and other borrowings	9,745	15,000	24,745	13,400					38,145
Interest paid	(7,800)	(1,176)	(8,976)						(8,976)
Upfront fee paid for bank loan	–	(106)	(106)						(106)
Repayment of bank loans	–	(6,886)	(6,886)						(6,886)
Dividend paid	–	(18,000)	(18,000)						(18,000)
Repayment to directors	–	(16,731)	(16,731)						(16,731)
Advance from the holding company	–	50	50						50
Net cash generated from/(used in) financing activities	1,945	(27,849)	(25,904)						(12,504)

	Consolidated statement of cash flows of the Group for the year ended 31 March 2019	Consolidated statement of cash flows of the Target Group for the year ended 31 March 2019	Sub-total	Pro forma adjustments					Unaudited pro forma consolidated statement of cash flows of the Restructured Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 2)	*(Note 3)*		*(Note 4)*	*(Note 8)*	*(Note 9b)*	*(Note 9d)*	*(Note 10a)*	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,250)	665	(1,585)						(1,585)
Effect of foreign exchange rate changes	(7)	–	(7)						(7)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	2,856	19,593	22,449		43,259		(22,500)		43,208
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	599	20,258	20,857						41,616
ANALYSIS OF CASH AND CASH EQUIVALENTS									
Bank and cash balances	599	20,258	20,857		43,259		(22,500)		41,616

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE RESTRUCTURED GROUP

Notes:

1. The amounts are extracted from the annual report of the Company for the year ended 31 March 2019.

2. The amounts are extracted from the annual report of the Company for the year ended 31 March 2019.

3. The amounts are extracted from the accountants' reports of the Target Group as set out in Appendix III to this Prospectus.

   Taking into the consideration of the pertinent facts and circumstances including the composition of the senior management and relative size (assets and revenue) under HKFRS 3 "Business Combination" paragraph B13 to B18 for Identifying the acquirer, the Directors consider, the Target Company is the acquirer for the accounting purpose and the Company is the acquiree for the accounting purpose. Accordingly, the Directors determine to apply the principles of reverse acquisition in HKFRS 3 by analogy to the unaudited pro forma financial information. The consolidated financial statements prepared following a reverse acquisition represent a continuation of the financial statements of the legal subsidiary (accounting acquirer – the Target Group), the assets and liabilities of which are recognised and measured at their pre-combination carrying amounts. Therefore, there is no adjustment in connection with the fair value of identifiable assets and liabilities of the Target Group included in the unaudited pro forma financial information.

4. The adjustment represents the estimated professional fees and expenses of approximately HK$20,900,000 to be additionally incurred by the Company relating to the "Proposed Restructuring" as if it had been taken place on 30 June 2019 and 1 April 2018.

   This adjustment is not expected to have continuing effect on the Restructured Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

5. The adjustment represents the effect of the proposed Share Premium Cancellation in which the entire amount in the sum of approximately HK$3,661,406,000 standing to the credit of the share premium account of the Company will be cancelled to set off against part of total accumulated loss of the Company.

6. The proposed Share Consolidation in which every fifty issued Shares of HK$0.08 each will be consolidated into one Consolidated Share of HK$4.0 each in the issued share capital of the Company, so there will be a total of 68,303,955 Consolidated Shares in issue upon Share Consolidation.

7. The adjustment represents the effect of the proposed Capital Reduction where the nominal value of each Consolidated Share will be reduced from HK$4.0 to HK$0.0001 each and the issued share capital of the Company will be cancelled to the extent of HK$3.9999 of each, and total credit of approximately HK$273,209,000 arising therefrom will be applied to further set off the accumulated loss of the Company.

8. (a) The adjustment represents a Share Offer of 227,679,850 New Shares comprising a Public Offer of 113,839,925 Offer Shares for subscription by members of the public in Hong Kong and a Preferential Offering of 113,839,925 Offer Shares for subscription by the Qualifying Shareholders at the price of HK$0.19 per Offer Share, the gross proceeds from the Share Offer will be approximately HK$43,259,000.

   (b) The gross proceeds of approximately HK$43,259,000 from the proposed Share Offer had been included in the cash and cash equivalents at beginning of year of the Restructured Group as if the Share Offer had completed on 1 April 2018.

   This adjustment is not expected to have continuing effect on the Restructured Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

9. (a) Based on the Creditors Schemes, the entire interests in the Scheme Companies will be transferred to the Scheme Administrators or a company incorporated and held by the Scheme Administrators, which will be independent third parties. The adjustment reflects the exclusion of the assets and liabilities of the Scheme Companies and compromise of certain indebtedness of the Company in accordance with the Creditors Schemes, assuming that the Proposed Restructuring had been taken place on 31 March 2019.

	HK$'000
Net assets of Scheme Companies transferred and compromise of certain indebtedness of the Company	470,377

(b) The Company shall issue and allot the Creditors Shares of 70,331,984 New Shares to the Scheme SPC for the benefit of the Scheme Creditors after the completion of the Share Offer in consideration of the discharge of the Claims under the Creditors Schemes. Assume the Creditors Share is at the price of HK$0.19 per share, total amount will be approximately HK$13,363,000. The information below shows the related financial impact as if the above transfer had been taken place on 31 March 2019:

	HK$'000
Net assets of Scheme Companies transferred and compromise of certain indebtedness of the Company	470,377
Amounts in settlement of debt restructuring through Creditors Share	(13,363)
Estimated unaudited gain on debt restructuring	457,014

This adjustment is not expected to have continuing effect on the Restructured Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

(c) The Company and the Investor agreed that the Investor Loan in the amount up to HK$18,000,000 shall be settled by capitalisation. A total of up to 94,736,842 capitalisation shares (the "Capitalisation Shares") will be issued and allotted to the Investor at the same issue price of HK$0.19 each for the settlement of the maximum amount of the Investor Loan of HK$18,000,000 upon Completion.

(d) Out of gross proceeds from Share Offer, approximately HK$22,500,000 will be made available for settlement of the professional fees and expenses including underwriting expenses. The adjustment represents the settlement of the professional fees and expenses by part of the gross proceeds from Share Offer.

10. The adjustments represent the followings:

(a) As if the Acquisition had been taken place on 31 March 2019, the Company shall acquire the entire equity interest in the Target Company at the consideration of approximately HK$144,400,000, which will be satisfied by way of issue and allotment of 760,000,000 consideration shares to the investor at the Issue Price of HK$0.19 per consideration share.

In this case, the investor is to obtain the listing status of the Company which is a non-operating public shell company for the purpose of the Acquisition. According to HKFRS 3 "Business Combinations", it clarifies that this transaction is not considered a business combination, because the Company, in itself as a shell accounting acquiree, does not meet the definition of a business. Instead, this should be accounted for in the Restructured Group's financial statements as a continuation of the financial statements of the Target Group (legal acquiree), together with a deemed issue of equity, equivalent to the shares held by former shareholders of the Company, and a re-capitalisation of the equity of the Target Group.

This deemed issue of equity is, in effect, an equity-settled share-based payment transaction whereby the Target Group has received the net assets/liabilities of the Company, together with its listing status. Under Hong Kong Financial Reporting Standard 2 "Share-based Payment", the Target Group should measure the equity-settled share-based payments indirectly by reference to the fair value of the equity instruments issued as there is no goods or services received by the Target Group from this transaction. The increase in equity by the Target Group should be measured by reference to the fair value of the equity that are deemed to have been issued, i.e. 461,052,631 shares (Note 10b) of the Company multiplied by HK$0.19, equivalent to approximately HK$87,600,000 in exchange for the net liabilities and listing status of the Group.

However, as the listing status does not qualify for recognition as an intangible asset, it is expensed in consolidated profit or loss as deemed listing expenses ("Deemed listing expenses"). The net accounting for the deemed share-based payment transaction and elimination of net liabilities of the Group is:

Assuming that the Acquisition had been taken place on 31 March 2019:

	HK$'000
Deemed issued equity	87,600
Net assets of the Group	(20,759)
Deemed listing expenses charged to profit or loss	66,841
Elimination of the Group's reserves after Pro forma Adjustments	(53,870)
Pro forma adjustment subtotal of reserve	12,971

This adjustment is not expected to have continuing effect on the Restructured Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

(b) According to the paragraph B21 of HKFRS 3, the issued share capital is adjusted to reflect the legal capital of the accounting acquiree (legal parent – the Company). It is represented by the movements in the pro forma issued share capital of the Restructured Group as follows:

	Number of Ordinary shares issued	**Nominal value**
		HK$'000
At 31 March 2019	3,415,197,762	273,216
Share Consolidation and Capital Reduction *(note (7))*	(3,346,893,807)	(273,209)
Issuance of shares upon Share Offer *(note 8)*	227,679,850	23
Issuance of Creditors Share *(note 9(b))*	70,331,984	7
Issuance of Capitalisation Shares *(note 9(c))*	94,736,842	9
(note 10a)	461,052,631	46
Issuance and allotment of Consideration Shares	760,000,000	76
The pro forma issued share capital of the Restructured Group	1,221,052,631	122

11. No adjustment has been made to the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Restructured Group to reflect the Pre-Completion Dividends to be declared and paid by the Target Group to the Investor subsequent to 30 June 2019. For further details, please refer to the section headed "Financial information of the Target Group – Dividend and distributable reserves" in this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE RESTRUCTURED GROUP

	Audited consolidated net tangible liabilities of the Group as at 31 March 2019	Audited consolidated net tangible liabilities of the Group per share as at 31 March 2019	Unaudited pro forma adjusted consolidated net tangible assets of the Restructured Group	Unaudited pro forma adjusted consolidated net tangible assets of the Restructured Group per share
	HK$'000	*HK$*	*HK$'000*	*HK$*
	Note 1	*Note 2*	*Note 3*	*Note 4*
Consolidated net tangible (liabilities)/ assets attributable to owners of the Company	(489,977)	(0.143)	44,088	0.036

Notes:

(1) The audited consolidated net tangible liabilities of the Group as at 31 March 2019 is based on the amount of audited consolidated net tangible liabilities attributable to the owners of the Company as at 31 March 2019, which is extracted from the annual report of the Company for the year ended 31 March 2019.

(2) The number of shares used for the calculation of audited consolidated net tangible liabilities of the Group per share is 3,415,197,762 being the number of shares in issue as at 31 March 2019.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Restructured Group is based on the amount of the unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company, which is extracted from the unaudited pro forma consolidated statement of financial position of the Restructured Group of approximately HK$44,088,000.

(4) The number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Restructured Group per share is 1,221,052,631 after completion of the Proposed Restructuring as described in the note 10(b).

(5) Apart from the above, no adjustments have been made to the unaudited pro forma statements of adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Restructured Group.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, received from the reporting accountants of the Company, Elite Partners CPA Limited, Certified Public Accountants, Hong Kong.

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

10th Floor,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

4 November 2019

The Board of Directors
Union Asia Enterprise Holdings Ltd.,
Unit A, 29/F,
CKK Commercial Centre,
289-295 Hennessy Road,
Wanchai, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Union Asia Enterprise Holdings Limited (the "**Company**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2019, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2019, and related notes as set out on pages V-1 to V-12 of the prospectus issued by the Company dated 4 November 2019 (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages V-1 of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Restructuring which comprises (i) the Capital Reorganisation, (ii) the Creditors Schemes, (iii) the Share Offer and (iv) the Acquisition (as defined in the section headed "Definitions" of the Prospectus) on the Company's financial position as at 31 March 2019 and the Company's financial performance and cash flows for the year ended 31 March 2019 as if the Proposed Restructuring had taken place on 31 March 2019 and 1 April 2018, respectively. As part of this process, information about the Company's financial position as at 31 March 2019 has been extracted by the Directors from the annual report of the Company for the year ended 31 March 2019. Information about the Company's financial performance and cash flows for the year ended 31 March 2019 has been extracted by the Directors from the Company's annual report for the year ended 31 March 2019, on which an audit report issued by us has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Proposed Restructuring on unadjusted financial information of the Group as if the Proposed Restructuring had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Restructuring would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transactions, and to obtain sufficient appropriate evidence about whether:

– The related unaudited pro forma adjustments give appropriate effect to those criteria; and

– The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transactions in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,
Elite Partners CPA Limited
Certified Public Accountants

Hong Kong

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 October 2001 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Second Amended and Restated Memorandum of Association (the "**Memorandum**") and its Second Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 24 June 2019. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditors at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 13 November 2001.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix IX to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. RESPONSIBILITY STATEMENTS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Restructured Group (other than those in relation to the Investor and the Target Group). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus (other than those in relation to the Investor and the Target Group) 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 prospectus misleading.

This prospectus, for which the proposed Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Restructured Group (other than those in relation to the Group). The proposed Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus (other than those in relation to the Group) 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 prospectus misleading.

B. FURTHER INFORMATION ABOUT THE RESTRUCTURED GROUP

1. Incorporation of the Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 October 2001. As at the Latest Practicable Date, the Company had an authorised share capital of HK$10,000,000 divided into shares of HK$0.0001 each. The Company was registered in Hong Kong under Part XI of the Predecessor Companies Ordinance on 13 December 2001.

As at the Latest Practicable Date, the Company's place of business in Hong Kong is Unit A, 29/F., CKK Commercial Centre, 289-295 Hennessy Road, Wanchai, Hong Kong. Upon Completion, Mr. Norman Chan and Mr. Alex Lee will be appointed as the authorised representatives of the Company for the acceptance of service of process and notices on behalf of the Company at the address of the Company's principal place of business in Hong Kong.

As the Company was incorporated in the Cayman Islands, it operates in accordance with the Companies Law and its constitutional documents comprising the memorandum of association and articles of association. A summary of certain relevant provisions of its constitutional documents and certain relevant aspects of the Companies Law are set out in Appendix VI to this prospectus.

2. Changes in share capital of members of the Restructured Group

(a) the Company

Other than the Capital Reorganisation, there has been no alteration in the share capital of the Company within the two years immediately preceding the date of this prospectus.

(b) other members of the Group

As the Scheme Companies, being all existing subsidiaries of the Company, will be transferred to the Scheme SPC, no information is included in this prospectus regarding the change, if any, in the share capital of the Scheme Companies.

3. Repurchase of Shares of the Company

This section includes information relating to the repurchase of securities required by the GEM Listing Rules which is set out as follows:

(a) Relevant legal and regulatory requirements

The GEM Listing Rules permit the Shareholders to grant the Directors a general mandate to repurchase Shares that are listed on GEM subject to certain restrictions, details of which are summarised below:

(i) Shareholders' approval

All proposed repurchase of Shares (which must be fully paid up) by the Company must be approved in advance by an ordinary resolution of the Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

The repurchase mandate was granted to the Directors by the Shareholders at the annual general meeting of the Company held on 30 July 2019 (the "**Repurchase Mandate**") to exercise all powers of the Company to repurchase Shares not exceeding 10% of the aggregate number of Shares in issue as at the date of passing of that resolution (being 341,519,776 Shares which have become 6,830,395 New Shares after the Capital Reorganisation becoming effective) from the date of passing of that resolution until whichever is the earliest of (a) the conclusion of the next annual general meeting of the Company, or (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held, or (c) the date on which the authority given under such resolution is revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting.

(ii) Source of funds

Repurchase of Shares must be funded out of funds legally available for the purpose in accordance with the memorandum and articles of association of the Company, the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the GEM Listing Rules. Under the Companies Law, the Company may make repurchases out of profit or share premium or out of the proceeds of a fresh issue of the Shares for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the Shares to be repurchased must be paid out of profits of the Company or out of the share premium account of the Company. Subject to satisfaction of the solvency test prescribed by the Companies Law, a repurchase may also be made out of capital.

(iii) Trading restrictions

The Company may repurchase up to 10% of the aggregate number of Shares in issue as at the date of passing of the resolution to approve the Repurchase Mandate (being 341,519,776 Shares which have become 6,830,395 New Shares after the Capital Reorganisation becoming effective) pursuant to the Repurchase Mandate but excluding any Shares which may be allotted and issued upon exercise of any options under the Share Option Scheme. The Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. The Company is also prohibited from repurchasing Shares on GEM if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. The broker appointed by the Company to effect a repurchase of the Shares is required to disclose to the Stock Exchange any information with respect to a Share repurchase as the Stock Exchange may require.

In addition, a listed company is prohibited from repurchasing its shares on GEM if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on GEM.

(iv) Status of Shares repurchased

All Shares repurchased (whether on GEM or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's shares repurchased may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate par value of the shares repurchased accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

Repurchase of Shares are prohibited after inside information has come to the Company's knowledge, or development which may constitute inside information has occurred or has been the subject of a decision until such time as the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of the Company for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for the Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the Company may not repurchase the Shares on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchase of Shares on GEM if the Company has breached the GEM Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchase of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Business Day following any day on which the Company makes a purchase of Shares. In addition, the Company's annual report and accounts are required to disclose details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on GEM or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such repurchase, where relevant, and the aggregate price paid. The Directors' report is also required to contain reference to the repurchase(s) made during the year and the Directors' reasons for making such repurchase(s).

(vii) Core connected persons

According to the GEM Listing Rules, a company is prohibited from knowingly repurchasing securities on GEM from a "core connected person", that is, a director, chief executive or substantial shareholder of such company or any of its subsidiaries or any of their respective close associates and a core connected person shall not knowingly sell his/her/its securities to the Company on GEM.

(b) Reasons for repurchase

The Directors and the proposed Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors or the proposed Directors believe that such repurchases will benefit the Company and the Shareholders.

(c) Funding of repurchase

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum and articles of association of the Company, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of the Restructured Group as disclosed in this prospectus and taking into account the current working capital position of the Restructured Group, the Directors and the proposed Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Restructured Group as compared with the position disclosed in this prospectus. The Directors and the proposed Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Restructured Group or the gearing levels which in the opinion of the Directors or the proposed Directors are from time to time appropriate for the Restructured Group.

4. Changes in share capital of members of the Target Group

There has not been any change to the share capital of any members of the Target Group within the two years immediately preceding the date of this prospectus save as provided in the section headed “History and background of the Target Group – Reorganisation” of this prospectus.

5. Corporate reorganisation

The Target Group underwent reorganisation to rationalise the Target Group’s structure in preparation for the new listing application. For more details regarding the reorganisation of the Target Group, please refer to the section headed “History and background of the Target Group – Reorganisation” in this prospectus.

6. Intellectual property rights of the Restructured Group

As at the Latest Practicable Date, the Restructured Group had the following intellectual property rights which are material in relation to the business of the Restructured Group.

(a) Intellectual property rights of the Company

Trademarks of the Company

As at the Latest Practicable Date, the Company did not have any registered trademark.

Domain name owned by the Company

As at the Latest Practicable Date, the Company had registered the following domain name which is material in relation to the business of the Group:

Domain Name	Registrant	Expiry Date
unionasiahk.com	Union Asia Enterprise Holdings Limited	22 April 2020

(b) Intellectual property rights of the Target Group

Trademarks of the Target Group

As at the Latest Practicable Date, the Target Group had registered the following trademarks which are material in relation to the business of the Target Group:

Trademark	Registered owner	Place and class of registration	Registration number	Date of registration	Expiry date
BTR (ASIA) LIMITED	BTR Asia	Hong Kong, 37 and 42	302858202	7 January 2014	6 January 2024
BTR (HK) LIMITED	BTR HK	Hong Kong, 37 and 42	302858239	7 January 2014	6 January 2024
BTR (INTL) LIMITED	BTR Intl	Hong Kong, 37 and 42	302858220	7 January 2014	6 January 2024
BTR WORKSHOP LIMITED	BTR Workshop	Hong Kong, 37 and 42	302858194	7 January 2014	6 January 2024
BTR	BTR HK	Hong Kong, 37 and 42	302858211	7 January 2014	6 January 2024
BTR (INTL) LIMITED	BTR Intl	PRC	16030375	14 March 2016	13 March 2026

Domain names owned by the Target Group

Domain Name	Registrant	Expiry Date
btrworkshop.com	BTR Workshop	31 January 2028
btr.com.hk	BTR HK	4 June 2028

C. OTHER INFORMATION

1. Sponsor

The Sponsor has made the new listing application on behalf of the Company to the Listing Department of the Stock Exchange for the listing of and permission to deal in the Consideration Shares to be issued and allotted pursuant to the Acquisition Agreement and the Restructuring Framework Agreement, the Capitalisation Shares pursuant to the Investor Loan Capitalisation, the Offer Shares pursuant to the Share Offer, the Creditors Shares pursuant to the Creditors Schemes and the New Shares upon completion of the Capital Reorganisation. For the purpose of the new listing application, the Sponsor is considered as an independent sponsor pursuant to Rule 6A.07 of the GEM Listing Rules. The Sponsor will receive HK$5.8 million as its sponsor's fee.

2. Principal members of the Concert Group

Set out below are details of the principal members of the Concert Group and their respective directors:

	Address	Directors
The Investor	Vistra Corporate Services Centre Wickhams Cay II Road Town, Tortola VG1110, British Virgin Islands	Mr. Norman Chan Mr. Alex Lee
Mr. Norman Chan	19 Braga Circuit Kowloon, Hong Kong	N/A
Mr. Alex Lee	Flat D, 9/F, Block 6A Lions Rise 8 Muk Lun Street Wong Tai Sin Kowloon, Hong Kong	N/A
Ms. Susanna Kwok	19 Braga Circuit Kowloon, Hong Kong	N/A

D. DISCLOSURE OF INTERESTS

1. Interests and/or short positions of Directors in the shares, underlying shares or debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which is (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

2. Interests and/or short positions of substantial shareholders in the shares and underlying shares of the Company

As at the Latest Practicable Date, the following persons (not being Directors and chief executive of the Company) had an interest (or long position) or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of the Company:

Name of interested party	**Capacity/Nature of interest**	**Number of Shares interested** *(Note 1)*	**Approximate % of the Company's issued share capital**
Yeung Wing Yee *(Note 2)*	Beneficial owner	16,935,200 (L)	24.8%
The Underwriter *(Note 3)*	underwriter	227,679,850 (L)	18.6%

Notes:

1. The letter "L" denotes long position of the New Shares.

2. Yeung Wing Yee is interested in 16,935,200 New Shares of HK$0.0001 each in the capital of the Company after the Capital Reorganisation becoming effective. The percentage figure is calculated based on a total of 68,303,955 New Shares in issue after the Capital Reorganisation becoming effective.

3. The Underwriter is interested 227,679,850 New Shares pursuant to the Underwriting Agreement. The percentage figure is calculated based on a total of 1,221,052,631 New Shares in issue after the Capital Reorganisation becoming effective and Completion and is for illustration purpose. Pursuant to the Underwriting Agreement, the Underwriter undertakes that neither it nor the sub-underwriter(s) will subscribe the Untaken Shares for its own account; and it will use its reasonable endeavour to procure each of sub-underwriter(s) or the ultimate subscriber(s) procured by the Underwriter or the sub-underwriter(s) is not a Shareholder at the time of subscription and will be an Independent Third Party after subscription to ensure compliance by the Company of the minimum public float requirements set out under Rule 11.23(7) of the GEM Listing Rules.

So far as the Directors are aware, immediately upon completion of the Restructuring, the following persons will have interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who will be, directly or indirectly, interested in 10% or more of the issued voting shares of the Company:

Name of interested party	**Capacity/Nature of interest**	**Number of Shares interested** *(Note 1)*	**Approximate % of the Company's issued share capital**
The Investor	Beneficial owner *(Note 2)*	854,736,842 (L)	70.0%
Mr. Norman Chan	Interest of controlled corporation *(Note 2)*	854,736,842 (L)	70.0%
Ms. Susanna Kwok	Interest of spouse *(Note 3)*	854,736,842 (L)	70.0%

Notes:

1. The letter "L" denotes long position of the New Shares.

2. The Investor is beneficially owned as to 96% by Mr. Norman Chan, 3% by Mr. Alex Lee and 1% by Ms. Susanna Kwok. Under the SFO, Mr. Norman Chan is deemed to be interested in the New Shares held by the Investor. Mr. Norman Chan will be a Controlling Shareholder and an executive Director upon Completion. The percentage figure is calculated based on a total of 1,221,052,631 New Shares in issue after the Capital Reorganisation becoming effective and Completion and assuming the maximum number of the Capitalisation Shares of 94,736,842 New Shares are allotted and issued to the Investor pursuant to the Investor Loan Capitalisation.

3. Ms. Susanna Kwok is the spouse of Mr. Norman Chan. Ms. Susanna Kwok is deemed to be interested in all the New Shares in which Mr. Norman Chan is interested in for the purpose of the SFO.

3. Interests in assets, contract or arrangement

Save as disclosed in the section headed "Past connected transactions" in this prospectus, as at the Latest Practicable Date:

(i) none of the Directors and the proposed Directors had any interest, direct or indirect, in any assets which have been, since 31 March 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Restructured Group, or are proposed to be acquired or disposed of by or leased to any member of the Restructured Group; and

(ii) none of the Directors and the proposed Directors was materially interested in any contract or arrangement entered into with any member of the Restructured Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Restructured Group.

4. Particulars of service contracts

As at the Latest Practicable Date, none of the Directors had entered into any service contract or letter of appointment with the Company, or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the date of the Acquisition Agreement and the Restructuring Framework Agreement, and up to and including the Latest Practicable Date; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

Save as disclosed in the section headed "Directors and senior management of the Restructured Group" in this prospectus, as at the Latest Practicable Date, none of the proposed Directors has or is proposed to enter into any service contract or letter of appointment with the Company, or any of its subsidiaries or associated companies.

5. Directors' remunerations

The remunerations (including fees, salaries, allowances and benefits in kind and retirement benefit scheme contributions) paid to the Directors in aggregate for the three financial years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2019 were approximately HK$1,883,000, HK$1,449,000, HK$1,728,000 and HK$575,000, respectively.

Save as disclosed above, no emoluments have been paid for the three financial years ended 31 March 2017, 2018 and 2019 and three months ended 30 June 2019, by the Group to the Directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

Under the current arrangements and on the assumption that the proposed Directors will be appointed upon Completion, the aggregate remunerations (including fees, salaries, allowances and benefits in kind and retirement benefit scheme contributions) estimated to be payable to the Directors for the year ending 31 March 2020 are approximately HK$2,422,000.

There was no other arrangement under which a Director waived or agreed to waive any emoluments and no remuneration was paid by the Restructured Group to the Directors as an inducement to join or upon joining the Restructured Group or as compensation for loss of office.

6. Employee retirement benefits

The Group participates in the Mandatory Provident Fund Scheme (the "**MPF Scheme**") for those employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Remaining Group, in funds under the control of trustees. The Group contributes 5% of the employee's relevant income to the MPF Scheme subject to a cap of monthly relevant income of HK$30,000, which contribution is matched by employees.

The Group has no other obligation for the payment of post-retirement benefits beyond the contributions described above.

7. Competing interests

Save as disclosed in the section headed "Relationship with the Controlling Shareholders" in this prospectus, none of the Directors and the proposed Directors and their respective close associates was interested in any business apart from the business of the Restructured Group, which competes or is likely to compete, either directly or indirectly, with the business of the Restructured Group.

E. DISCLAIMERS

Save as disclosed in this prospectus:

(a) none of the Directors and the proposed Directors nor any of the persons whose names are listed in the paragraph headed "1. Qualifications and consents of experts" in this appendix is interested in the promotion of the Company or in any assets which have within the two years immediately preceding the issue of this prospectus been acquired or disposed of by or leased to any member of the Restructured Group, or are proposed to be acquired or disposed of by or leased to any member of the Restructured Group;

(b) none of the Directors and the proposed Directors nor any of the persons whose names are listed in the paragraph headed "1. Qualifications and consents of experts" in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus and at the Latest Practicable Date which is significant in relation to the business of the Restructured Group;

(c) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the introduction or related transaction as mentioned in this prospectus; and

(d) To the best knowledge of the Directors and the proposed Directors, none of the Directors, their respective associates or Shareholders who are interested in 5% or more of the issued share capital of the Company have any interests in the five largest customers or the five largest suppliers of the Restructured Group.

F. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme.

For the purpose of this section only, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Adoption Date"	30 July 2012
"Employee"	any employee (whether or not full time and including directors and executives) of any member of the Group
"Exercise Price"	in respect of any Option granted under the Share Option Scheme, the subscription price for each Share payable by the Grantee on exercise of the Option as determined by the Board and notified to Grantee in accordance with the Rules
"Grantee"	any Participant who has been offered and has accepted an Offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee
"Offer"	the offer of the grant of an Option made in accordance with the Share Option Scheme
"Offer Date"	in relation to an Option, the date (which must be a Business Day) on which a Participant is offered such Option
"Option(s)"	in relation to the Share Option Scheme, a right granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme
"Option Period"	in relation to an Option, the period, which is notified by the Board when making an offer to a Participant, during which the Option may be exercised, such period must not exceed the period of 10 years from the Offer Date of such Option
"Participant(s)"	(i) all full-time employees, directors (including independent non-executive Directors) and part-time employees with weekly working hours of 10 hours and above, of the Group; (ii) substantial shareholders of each member of the Group; (iii) associates of the directors and substantial shareholders of any member of the Group; (iv) trustee of any trust pre-approved by the Board; and (v) any advisor (professional or otherwise), consultant, distributor, supplier, agent, customer, joint venture partner, service provider to the Group, whom the Board considers, in its sole discretion, has contributed or contributes to the Group
"Rules"	the rules of the Share Option Scheme

1. PURPOSE

The purpose of the Share Option Scheme is to provide the Company with a flexible and effective means of incentivising, rewarding, remunerating, compensating and/or providing benefits to the Participants.

2. WHO MAY JOIN, GRANT AND ACCEPTANCE OF OPTIONS

The Board may, at its absolute discretion, offer to any Participants options to subscribe for such number of new Shares as the Board may determine at the Option price to be determined in accordance with paragraph (3) below.

An offer of the grant of an Option shall be made to Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Participant concerned for a period of 3 Business Days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the Share Option Scheme or the Participant to whom such offer is made has ceased to be a Participant.

A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Participant together with the said consideration of HK$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on GEM or an integral multiple thereof.

3. EXERCISE PRICE FOR SHARES

The Exercise Price under the Share Option Scheme will be determined by the Board in its absolute discretion and notified to each Grantee and will be no less than the higher of:-

(i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Offer Date;

(ii) the average closing price of the Shares as stated in the daily quotation sheets by the Stock Exchange for the five Business Days immediately preceding the Offer Date; and

(iii) the nominal value of a Share at the time of exercise of an Option.

4. MAXIMUM NUMBER OF SHARES

(i) Subject to the GEM Listing Rules, the overall limit on the number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the relevant class of Shares in issue from time to time. No Options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

(ii) Subject to the limit mentioned in paragraph (4)(i) above, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company adopted by the Group must not, in aggregate, exceed 10% of the Shares in issue as at the date of the approval of the Share Option Scheme (the "**Scheme Limit**") (being 284,599,813 Shares as refreshed at the annual general meeting of the Company held on 26 July 2016 which have become 5,691,996 New Shares after the Capital Reorganisation becoming effective), unless Shareholders' approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Limit.

(iii) Subject to the limit mentioned in paragraph (4)(i) above, the Company may refresh the Scheme Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Limit as refreshed must not exceed 10% of the Shares in issue as at the Adoption Date. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating this limit. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules.

(iv) Subject to the limit mentioned in paragraph (4)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Limit provided that the Options in excess of the Scheme Limit are granted only to Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules.

5. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

(i) The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant or Grantee (including exercised and outstanding Options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to a Participant (or where appropriate, an existing Grantee) which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Participant (or where appropriate, an existing Grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant or Grantee, the number and terms of Options to be granted (and Options previously granted) to such Participant, the information required under the GEM Listing Rules. The number and terms (including the subscription price) of Options to be granted to such Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

6. GRANT OF OPTIONS

Any grant of Options must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been announced according to the requirements of Chapter 16 of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

(ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the GEM Listing Rules, or quarterly or any interim period (whether or not required under the GEM Listing Rules);

and ending on the date of the results announcement, no Option may be granted.

7. GRANT OF OPTIONS TO CONNECTED PERSON (AS DEFINED IN THE GEM LISTING RULES)

The grant of Options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates requires the approval of the independent non-executive Directors (excluding an independent non-executive Director who is the Grantee of the Options). Where any grant of Options to a substantial shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director or any of their respective associates will result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the grant:-

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million,

such grant of Options must be subject to approval by the holders of Shares taken on a poll. All connected persons (as defined in the GEM Listing Rules) of the Company must abstain from voting in favour at such general meeting.

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted; (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee) on whether or not to vote in favour of the proposed grant; and (iii) any other information as required under the GEM Listing Rules.

Any change in the terms of Options granted to substantial shareholders of the Company or independent non-executive Directors or any of their respective associates must be approved by the Shareholders in general meeting.

8. TERMS AND CONDITIONS OF OPTIONS

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period but may not be exercised after the expiry of ten years from the date of grant. The Exercise Price will be determined by the Board in its absolute discretion. Unless prescribed in the Offer, there is no specific requirement that an Option must be held for any minimum period before it can be exercised and there is no specific performance target which must be achieved before Options can be exercised stipulated under the terms of the Share Option Scheme. The Directors consider that this will provide the Board with more flexibility in setting the terms and conditions for each grant and encourage Participants to acquire proprietary interests in the Company.

The Board is currently unable to determine such restrictions on the exercise of the Option, but the Board may impose restrictions on the exercise of an Option during the Option Period including, if appropriate:

(i) the minimum period for which all or part of an Option may be exercised;

(ii) performance targets which must be achieved before the Options can be exercised.

9. TIME OF EXERCISE OF OPTIONS

Subject to the terms of the Share Option Scheme, an Option may be exercised in whole or in part by the Grantee (or his or her legal personal representatives) at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an Option, but in any event no later than 10 years from the Offer Date. The exercise of Options may also be subject to any conditions imposed by the Board at the time of offer.

10. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest, whether legal or beneficial, in favour of any third person over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised.

11. RIGHTS ON CESSATION OF EMPLOYMENT BY DISMISSAL

If the Grantee of an Option is an Employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

12. RIGHTS ON CEASING EMPLOYMENT FOR OTHER REASONS

If the Grantee who is an Employee ceases to be an Employee for any reason other than his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph 11 above, the Grantee may exercise the Option within three months following the date of cessation up to the Grantee's entitlement at the date of cessation (to the extent not already exercised). The date of cessation of employment shall be the last actual working day with the relevant company in the Group whether salary is paid in lieu of notice or not.

13. RIGHTS ON DEATH

In the event the Grantee who is an Employee dies before exercising the Option in full and none of certain events which would be a ground for termination of his or her employment under paragraph 12 above arises, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of the Grantee as at the date of death (to the extent not already exercised).

14. RIGHTS ON GENERAL OFFER

In the event of a general offer (whether by way of takeover offer as defined in the Takeovers Code or scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional (within the meaning of the Takeovers Code) during the Option Period of the relevant Option, the Grantee (or his personal representative(s)) shall be entitled to exercise the Option (to the extent exercisable as at the date on which the general offer becomes or is declared unconditional and not exercised) in full or in part at any time within 1 month after the date on which the offer becomes or is declared unconditional (within the meaning of the Takeovers Code).

15. RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with the scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement and the Grantee (or his personal representatives) may by notice in writing to the Company accompanied by the remittance for the exercise price in respect of the relevant Option (such notice to be received by the Company not later than four business days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise credited as fully paid and register the Grantee as holder thereof. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the Share Option Scheme.

16. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if though fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or his or her legal personal representatives) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the relevant Option (such notice to be received by the Company not later than four business days prior to the proposed shareholders' meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise.

17. REORGANISATION OF CAPITAL STRUCTURE

In the event of a capitalisation of profits or reserves, further rights issues of Shares, consolidation or subdivision of Shares, or reduction of the share capital of the Company in accordance with applicable laws and regulatory requirements (other than an issue of any share capital as consideration in respect of a transaction), such corresponding adjustments (if any) shall be made to:

(i) the number of Shares, the subject matter of the Option (insofar as it is unexercised); and/or

(ii) the price at which the Options are exercisable.

Any such adjustment shall be made on the basis that:

(i) the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustment shall remain the same as that to which he was entitled before such adjustment;

(ii) it will not enable any Share to be issued at less than its nominal value, or to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustments; and

(iii) the auditors or independent financial adviser selected by the Board (as appropriate) must confirm to the Board in writing that the adjustment satisfies the requirements of the note to Rule 23.03(13) of the GEM Listing Rules, except where such adjustment is made on a capitalisation issue.

18. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of any of the periods referred to in paragraphs (11) to (16);

(iii) the date of the commencement of the winding-up of the Company;

(iv) the date on which the Grantee commits a breach of paragraph 10 above; or

(v) the occurrence of such event or expiry of such period as may have been specifically provided for in the Offer (if any), unless otherwise resolved to the contrary by the Board.

19. RANKING OF SHARES

The Options do not carry any right to vote in general meeting of the Company, or any right to dividend, or any other rights whether or not arising on the liquidation of the Company. The Shares to be allotted and issued upon the exercise of an Option will be subject to the memorandum and articles of association of the Company and will rank pari passu with the fully paid Shares in issue on the date of exercise of the Option and in particular will rank in full for all dividends or other distributions declared paid or made on or after the date of exercise of the Option other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the date of exercise of the Option.

20. CANCELLATION OF OPTIONS GRANTED

The Board may at any time cancel any Options granted but not exercised if the Grantee so agrees and new Options may be granted to the Grantee in compliance with the terms of the Share Option Scheme and provided that where an Option is cancelled and a new Option is proposed to be issued to the same Grantee, the issue of such new Option may only be made with available unissued Options (excluding for this purpose all cancelled Options) within the Scheme Limit (as refreshed from time to time).

21. LIFE OF SHARE OPTION SCHEME

The Share Option Scheme will remain valid for a period of 10 years commencing on the Adoption Date (save that the Company, by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme) and expiring at the close of business on the tenth anniversary thereof. After such period or termination, no further Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

22. ALTERATION TO SHARE OPTION SCHEME

Subject to the provision of this paragraph 22, the Share Option Scheme may be altered in any respect by a resolution of the Board, save that the provisions of the Share Option Scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of Participants or Grantees except with the prior approval of Shareholders in general meeting with Grantees and their associates abstaining from voting.

Any alteration to the terms and conditions of the Share Option Scheme, which is of a material nature, or any change to the terms of Options granted must be approved by the Shareholders, save where such alteration takes effect automatically under the existing terms of the Share Option Scheme.

Any change to the authority of the Directors in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

The amended terms of the Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

23. TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior to such termination. Options complying with the provisions of Chapter 23 of the GEM Listing Rules which are granted during the life of the Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

24. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced according to the requirements of Chapter 16 of the GEM Listing Rules. In particular, no Option may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting for the approval of the Company's interim or annual results; and

(ii) the deadline for the Company to publish its interim or annual results announcement, and ending on the date of the results announcement.

The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

25. ADMINISTRATION

The Share Option Scheme is subject to the administration by the Board, and the decision of the Board shall be final and binding on all parties. The Board, subject to the GEM Listing Rules, shall have the right (i) to interpret and construe the provisions of the Share Option Scheme, (ii) to determine the eligibility of the persons who will be awarded Options under the Share Option Scheme, and the number and subscription price of Options awarded thereto, (iii) to make such appropriate and equitable adjustments to the terms of Options granted under the Share Option Scheme as it deems necessary, and (iv) to make such other decisions or determinations as it shall deem appropriate in the administration of the Share Option Scheme.

26. PRESENT STATUS OF THE SHARE OPTION SCHEME

As at the Latest Practicable Date, there were no outstanding Options under the Share Option Scheme entitling the holders thereof to subscribe for any Shares.

G. SUMMARY OF MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Restructured Group within two years preceding the date of this prospectus and are or may be material:

(a) the Acquisition Agreement;

(b) the first supplemental agreement to the Acquisition Agreement dated 9 November 2017 and entered into between the Company and the Investor;

(c) the second supplemental agreement to the Acquisition Agreement dated 28 June 2018 and entered into between the Company and the Investor;

(d) the amended and restated Acquisition Agreement dated 23 November 2018 and entered into between the Company and the Investor;

(e) the second amended and restated Acquisition Agreement dated 16 May 2019 and entered into between the Company and the Investor;

(f) the Restructuring Framework Agreement;

(g) the first supplemental agreement to the Restructuring Framework Agreement dated 9 November 2017 and entered into between the Company and the Investor;

(h) the second supplemental agreement to the Restructuring Framework Agreement dated 28 June 2018 and entered into between the Company and the Investor;

(i) the amended and restated Restructuring Framework Agreement dated 23 November 2018 and entered into between the Company and the Investor;

(j) the second amended and restated Restructuring Framework Agreement dated 16 May 2019 and entered into between the Company and the Investor;

(k) the Investor Loan Agreement;

(l) the amended and restated Investor Loan Agreement dated 23 November 2018 and entered into between the Company and the Investor;

(m) the second amended and restated Investor Loan Agreement dated 16 May 2019 and entered into between the Company and the Investor;

(n) the Underwriting Agreement;

(o) the amended and restated Underwriting Agreement dated 16 May 2019 and entered into among the Company, the Sponsor and the Underwriter;

(p) the Deed of Non-competition;

(q) the agreement dated 6 December 2018 and entered into between 陳月紅 (Chen Yue Hong) as purchaser and Talent Zone Global Limited, a direct wholly-owned subsidiary of the Company as vendor in relation to the sale and purchase of the entire issued share capital of Brighton Asia Pacific Investment Holdings Limited at a consideration of HK$200,000; and

(r) the agreement dated 25 January 2019 entered into between Gamfortune Investment Limited as purchaser and Ultra Treasure Limited, an indirect wholly-owned subsidiary of the Company as vendor in relation of the sale and purchase of a vessel with brand "Accelera 92" registered in Hong Kong for a consideration of HK$6,500,000.

H. LEGAL PROCEEDINGS OF THE RESTRUCTURED GROUP

(a) as to the Group

Save as disclosed below, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

(1) On 4 September 2016 the Company announced, amongst other things, that (i) Evotech (Asia) Pte. Limited ("**Evotech**") had entered into a Surrender Agreement with Jurong Town Corporation ("**JTC**") on 6 April 2016 pursuant to which Evotech agreed to surrender its leasehold interest in the real property located at 42 Gul Circle, Singapore 629577 to JTC at the consideration of S$5,620,000 and such transaction was completed on 27 June 2016 without the approval and authorization of the Board ("**the Unauthorized Transaction**"); and (ii) the Company was investigating into the circumstances leading to the entering into the Unauthorized Transaction and the payments made by Evotech from the proceeds of the Unauthorized Transaction.

Upon completion of the said investigation and with the benefit of legal advice, Evotech has on 23 November 2016 commenced legal proceedings at the High Court of The Republic of Singapore (Case no. HC/S 1242/2016) against Mr. Koh Ta Lee ("**Mr. Koh**") for breaches of his duties as director and employee of Evotech and against Ms. Lily Bey Lay Lay ("**Lily Bey**"), another ex-director of Evotech, for breaches of her duties as director of Evotech and, for recovery of damages in the sums of S$2,285,000 and US$1,070,000 (the "**Singapore Legal Action**").

In the Singapore Legal Action, Mr. Koh and Lily Bey filed their Defence and Counterclaim to contest Singapore Legal Action and also commenced Third Party Proceedings ("**Third-Party Proceedings**") against the Company and Ms. Yip Man Yi, the Chairman of the Company (the "**Singapore Third Parties**").

In the Third-Party Proceedings, Mr. Koh and Lily Bey sought indemnities and/or contributions against the Singapore Third Parties for authorizing and approving all the monetary transactions claimed by Evotech in the Singapore Legal Action to set off of sums as may be applicable between all parties in the legal action, if any.

On 17 January 2017, the High Court of The Republic of Singapore granted leave for service of the Singapore Third-Party Proceedings on the Singapore Third Parties out of the jurisdiction of the Republic of Singapore and the Singapore Third Parties have duly instructed their attorneys in the Republic of Singapore to enter appearance and contest the proceedings.

The hearing commenced on 28 February 2018. At the commencement of the hearing, Mr. Koh and Lily Bey, through their attorney, withdrew the Third-Party Proceedings against the Singapore Third Parties. However, Mr. Koh and Lily Bey did not agree to the amount of legal costs payable to the Singapore Third Parties for the withdrawal of the Third-Party Proceedings. In this regard, the legal costs to be paid by Mr. Koh and Lily Bey to the Singapore Third Parties shall be determined by the High Court of The Republic of Singapore at a taxation hearing.

The Company's attorney filed a bill of costs related to the amount of legal costs payable to the Singapore Third Parties for the withdrawal of the Third-Party Proceedings on 23 May 2018. On 19 June 2018, Mr. Koh and Lily Bey have been ordered by the High Court of The Republic of Singapore to pay legal costs for the sum of S$99,000 to the Singapore Third Parties. Formal demand for the payment has been issued to Mr. Koh and Lily Bey. Yet, on 3 July 2018, Mr. Koh and Lily Bey filed a summons for review of the taxation order. On 11 July 2018 and 16 July 2018, statutory demands were served on Lily Bey and Mr. Koh respectively, demanding payment of the legal costs as awarded. On 23 July 2018, Lily Bey fully settled the said legal cost of S$99,000.

On 8 October 2018, an oral judgment was handed down by the trial judge who ruled in favour of Evotech against Mr. Koh and Lily Bey jointly and severally in the total sum claimed by Evotech with interests running on each of these sums ("**Judgment Sum**"), while the formal judgment was released on 16 October 2018.

On 7 November 2018, Mr. Koh and Lily Bey (the "**Appellants**") filed a notice of appeal ("**Appeal**") to the Court of Appeal of Singapore to appeal against the judgment. On 13 August 2019, the Court proceeded with hearing the Appeal and dismissed the Appellants' case in its entirety. The Court awarded costs of S$42,000 to Evotech to be paid by the Appellants.

On 2 May 2019, the Company recovered the Judgment Sum in the amount of S$198,000 by performing the writ of seizure and sale of Lily Bey's property. Evotech is continuing to seek legal advice in relation to the enforcement of the judgment against the Appellants and in the process of implementing such.

On 15 November 2018 and 27 November 2018 respectively, Evotech has filed bankruptcy applications (the "**Bankruptcy Applications**") being made against Ms. Lily Bey and Mr. Koh. After the Court dismissed the Appeal as aforementioned, the Court proceeded with the Bankruptcy Applications and on 19 September 2019, the Court ordered that Ms. Lily Bey and Mr. Koh be adjudged bankrupt and such order were filed on 15 October 2019 and 16 October 2019 respectively.

The Board has obtained legal opinion that both Evotech and the Company have meritorious claim and defence in the Singapore Legal Action and the Appeal and such proceedings shall have no adverse impact upon the financial position of the Group. Therefore, no provision in respect of the Singapore Legal Action and the Appeal was made in the financial statements.

For details, please refer to the announcements of the Company dated 4 September 2016, 23 November 2016, 10 February 2017, 2 March 2018, 16 August 2019 and 28 October 2019.

(2) On 2 November 2017, the Company received a demand letter from Kesterion Investments Limited ("**Kesterion**") requesting repayment of a loan amounting to approximately HK$93 million.

On 17 November 2017, the Company received a Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2631 of 2017 against CAAL Capital Company Limited ("**CAAL**") as the 1st Defendant and the Company as the 2nd Defendant. On 20 and 21 November 2017, the Company and its authorised representatives respectively received another Writ of Summons issued by Kesterion in the High Court of the Hong Kong Special Administrative Region under Action Number 2662 of 2017 against the Company (collectively "**the Hong Kong Writs**").

The Hong Kong Writs are in relation to the repayment of a loan facility originally advanced by Kesterion to the Company. On 4 November 2016, the Company was notified by CAAL that CAAL and Kesterion had entered into a deed of assignment on 31 October 2016 pursuant to which all loan facility originally advanced by Kesterion were assigned to CAAL.

The Company filed its defence for both actions on 25 January 2018. Kesterion filed its reply for both actions on 22 February 2018.

On 5 March 2018, by consent, the Court ordered that these two actions be consolidated, and that under the consolidated action, Kesterion is the Plaintiff while CAAL and the Company are the 1st Defendant and the 2nd Defendant, respectively. On 28 June 2018, CAAL filed its defence for the consolidated action.

As the claim under the Hong Kong Writs is related to the assignment between Kesterion and CAAL and the Company has already recorded the corresponding loan in the condensed consolidated financial statements, the Board considered that the claim under the Hong Kong Writs shall have no adverse impact upon the financial position of the Group.

For details, please refer to the announcement of the Company dated 28 November 2017.

(3) On 2 July 2018, Evotech received a Writ of Summons issued by Kesterion in the High Court of the Republic of Singapore under Case Number HC/S 653 of 2018 (the "**Singapore Writ**") in relation to the repayment of a loan provided by Kesterion to Evotech in the sum of S$400,000. As stated in the Singapore Writ, the loan was interest free and repayable on demand and were for the purposes of settling the obligations owed to the Singapore authorities, specifically, the Goods and Services Tax payments owed to the Inland Revenue Authority of Singapore, as a result of the surrender of leasehold property as mentioned in the Company's announcement dated 4 September 2016 and for general working capital of Evotech.

Evotech has engaged a Singapore law firm to contest the proceedings. The memorandum of appearance was filed by the Singapore law firm on behalf of Evotech on 9 July 2018. On 24 July 2018, Evotech has filed a defence denying the claim and counterclaiming S$500,000 being the loans made by Evotech to Kesterion in May 2016.

The Board has obtained legal opinion and expects that the Singapore Writ will have no significant effects on the overall financial and/or operational conditions of the Group.

For details, please refer to the announcement of the Company dated 4 July 2018.

(b) as to the Target Group

As at the Latest Practicable Date, no member of the Target Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Investor to be pending or threatened against any member of the Target Group.

I. QUALIFICATIONS AND CONSENTS OF EXPERTS

Name	Qualification
Messis Capital Limited	a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Elite Partners CPA Limited	Certified public accountants
RSM Hong Kong	Certified public accountants
RSM Tax Advisory (Hong Kong) Limited	Tax adviser
AVISTA PRO-WIS Risk Advisory Limited	Internal control adviser
Frost & Sullivan Limited	Industry consultant

Each of the abovementioned experts has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report(s) and/or letter(s) and/or opinion(s) and the references to their names included herein in the form and context in which it is respectively included.

As at the Latest Practicable Date, none of the abovementioned experts:

(a) was interested beneficially or otherwise in any ordinary Shares or shares of any member of the Restructured Group or had any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of the Restructured Group;

(b) was interested in the promotion of the Company or in any assets which had within the two years immediately preceding the issue of this prospectus been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and

(c) was materially interested in any contract or arrangement subsisting at the date of this prospectus which was significant in relation to the business of the Group.

J. TOTAL EXPENSES

The aggregate fees, together with the Stock Exchange listing fee, legal and other professional fees, printing and other expenses relating to the Resumption Proposal and the transactions contemplated thereunder, are estimated to be approximately HK$45.3 million in aggregate, of which approximately HK$42.7 million and HK$2.6 million are payable by the Company and Mr. Norman Chan, respectively.

K. PROMOTER

The Company has no promoter for the purpose of the GEM Listing Rules.

L. MISCELLANEOUS

Except as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of the Company or any of its subsidiaries or the Target Group had been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms had been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries or the Target Group; and

(iii) no share or loan capital of the Company or any of it subsidiaries or the Target Group was under option or was agreed conditionally or unconditionally to be put under option;

(b) as at the Latest Practicable Date, there had not been any interruption in the business of the Restructured Group which may have had a significant effect on the financial position of the Restructured Group in the 12 months preceding the date of this prospectus;

(c) there is no arrangement under which future dividend declared by the Company have been waived or agreed to be waived;

(d) neither the Company nor any of its subsidiaries nor the Target Group had issued or agreed to issue any founder shares, management shares, deferred shares or any debentures;

(e) all necessary arrangements had been made with HKSCC for the Shares, Consideration Shares, the Capitalisation Shares, the Offer Shares, the Creditors Shares and the New Shares to continue to be accepted as eligible securities of CCASS;

(f) the Directors and the proposed Directors were not aware of any person who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including options in respect of such capital) carrying rights to vote in all circumstances at general meetings of the members of the Restructured Group; and

(g) other than the Shares listed on the Stock Exchange, none of the Company's equity or debt securities is currently listed on or dealt in on any other stock exchange or trading system, and no such listing or permission to list on any other stock exchange is currently being or proposed to be sought.

The English text of this prospectus and the accompanying form of proxy shall prevail over the respective Chinese texts of the same.

M. BILINGUAL PROSPECTUS

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW** and **BLUE** Application Forms;

(b) a copy of the material contracts referred to in the paragraph headed "Statutory and general information – G. Summary of material contracts" in Appendix VII to this prospectus; and

(c) the written consents referred to in the paragraph headed "Statutory and general information – I. Qualifications and consents of experts" in Appendix VII to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's head office and principal place of business in Hong Kong at Unit A, 29/F., CKK Commercial Centre, 289-295 Hennessy Road, Wanchai, Hong Kong during 9:30 a.m. to 5:30 p.m., Monday to Friday (other than public holidays) up to and including the date which is 14 days from the date of this prospectus:

(a) the amended memorandum of association and articles of association of the Company and the second amended and restated memorandum of association and articles of association of the Company;

(b) the memorandum of association and articles of association of the Target Company;

(c) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this prospectus;

(d) the annual reports of the Company for each of the three financial years ended 31 March 2019;

(e) the first quarterly report of the Company for the three months ended 30 June 2019;

(f) the accountants' report from RSM Hong Kong in respect of the historical financial information of the Target Group for the three financial years ended 31 March 2019 and the stub period for the three months ended 30 June 2019, the text of which is set out in Appendix III to this prospectus;

(g) the audited consolidated financial statements of the Target Group for the three financial years ended 31 March 2019 and the stub period for the three months ended 30 June 2019;

(h) the audited financial statements of the Group as extracted from the annual reports of the Company for the three financial years ended 31 March 2019 and the unaudited financial statements of the Group as extracted from the first quarterly report of the Company for the three months ended 30 June 2019;

(i) the report on the unaudited pro forma financial information of the Restructured Group from Elite Partners CPA Limited, the text of which is set out in Appendix V to this prospectus;

(j) the Frost & Sullivan Report;

(k) the letter of advice summarising certain aspects of Cayman Islands company law prepared by Conyers Dill & Pearman referred to in Appendix VI to this prospectus;

(l) the Companies Law;

(m) the material contracts referred to in the paragraph headed "Statutory and general information – G. Summary of Material Contracts" in Appendix VII to this prospectus;

(n) the written consents referred to in the paragraph headed "Statutory and general information – I. Qualifications and Consents of Experts" in Appendix VII to this prospectus;

(o) the rules of the Share Option Scheme; and

(p) the Circular.

UNION ASIA
ENTERPRISE HOLDINGS LTD
萬亞企業控股有限公司