GAIN PLUS HOLDINGS LIMITED
德益控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code : 9900

TRANSFER OF LISTING

Sole Sponsor

AmCap

Ample Capital Limited

豐盛融資有限公司

IMPORTANT

You are advised to exercise caution when reading this document. If you are in any doubt about any of the contents of this listing document, you should obtain independent professional advice.

Gain Plus Holdings Limited

德益控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code on GEM: 8522

Stock code on Main Board: 9900

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

Sole Sponsor

AmCap

Ample Capital Limited

豐盛融資有限公司

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this listing document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this listing document.

This listing document is published in connection with the Transfer of Listing and contains particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Main Board Listing Rules solely for the purpose of giving information with regard to the Group and the Transfer of Listing.

This listing document does not constitute an offer of, nor is it calculated to invite offers for, Shares or other securities of the Company, nor have any such Shares or other securities been allotted or issued with a view to any of them being offered for sale to or subscription by the public. No Shares will be allotted or issued in connection with, or pursuant to, this listing document.

Neither this listing document nor any copy hereof may be released, forwarded or distributed, directly or indirectly, in or into any jurisdiction where such release or distribution might be unlawful.

The Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state in the United States, and may not be offered, sold, pledged or transferred within the United States or to or for the account or benefit of any U.S. persons, absent any registration or except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. **Neither the U.S. Securities and Exchange Commission nor any other U.S. federal or state securities commission or regulatory authority has approved or disapproved of the Shares or passed an opinion on the adequacy of this listing document. Any representation to the contrary is a criminal offence in the United States.**

Your attention is drawn to the section headed "Risk Factors" in this listing document.

Information regarding the proposed arrangements for the Transfer of Listing and dealings and settlement of dealings in, the Shares following completion of the Transfer of Listing is set out in the section headed "Information about this Listing Document and the Transfer of Listing" in this listing document.

19 December 2019

Event	Date[Note 1]
Last day of dealings in the Shares on GEM of the Stock Exchange (stock code: 8522)	Friday, 27 December 2019
First day of dealings in the Shares on the Main Board of the Stock Exchange[Notes 2&3] to commence at 9:00 a.m. on	Monday, 30 December 2019

Notes:

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

(2) The Shares will be traded on the Main Board under the new stock code 9900 following the Transfer of Listing.

(3) The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in a board lot of 4,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Estera Trust (Cayman) Limited and the Hong Kong Branch Share Registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

If there is any change in the expected timetable or if the Transfer of Listing does not proceed, our Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE

You should rely only on the information contained in this listing document to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this listing document. Any information or representation not made in this listing document must not be relied on by you as having been authorised by us, the Sole Sponsor, any of our or their respective directors, officers, employees, agents or representatives or any other person or party involved in the Transfer of Listing.

Page

CONTENTS

This summary aims to give you an overview of the information contained in this listing document. As it is a summary, it does not contain all the information that may be important to you. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company and read this listing document in its entirety.

There are risks associated with any investment. Some of the particular risks in investing in the Shares of the Company are set out in the section headed "Risk Factors" in this listing document. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares of the Company.

BUSINESS OVERVIEW

Our Group is an established construction subcontractor in Hong Kong founded in 2004, principally engaged in subcontracting works providing (i) RMAA services; and (ii) building construction services. Our Group has been listed on GEM since 13 February 2018 and had no change in its principal business since the GEM Listing Date and up to the Latest Practicable Date. According to the F&S Report, we had a market share of approximately 0.5% and less than 0.1% in the RMAA services market and building construction services market respectively in 2018.

Our RMAA services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and civil works for new buildings such as lift tower, soccer field and walkways. We engaged subcontractors to assist with projects that are generally labour intensive or require specific skillset. We derived all of our revenue from services provided in Hong Kong.

The following table sets forth a breakdown of our revenue and gross profit by type of services provided in our projects during the Track Record Period:

	For the year ended 31 March												For the four months ended 31 July							
	2017				2018				2019				2018				2019			
	HK$'000	% of total revenue	Gross profit HK$'000	Gross profit margin %	HK$'000	% of total revenue	Gross profit HK$'000	Gross profit margin %	HK$'000	% of total revenue	Gross profit HK$'000	Gross profit margin %	HK$'000 (unaudited)	% of total revenue	Gross profit HK$'000	Gross profit margin %	HK$'000	% of total revenue	Gross profit HK$'000	Gross profit margin %
RMAA services	379,571	88.2	25,833	6.8	431,435	81.8	30,082	7.0	648,297	73.8	35,779	5.5	186,188	83.9	11,515	6.2	211,441	69.2	12,382	5.9
Building construction services	50,953	11.8	6,182	12.1	95,679	18.2	11,849	12.4	230,465	26.2	26,570	11.5	35,714	16.1	4,253	11.9	93,935	30.8	9,808	10.4
Total/overall	430,524	100.0	32,015	7.4	527,114	100.0	41,931	8.0	878,762	100.0	62,349	7.1	221,902	100.0	15,768	7.1	305,376	100.0	22,190	7.3

	For the year ended 31 March												For the four months ended 31 July							
	2017				2018				2019				2018				2019			
	HK$'000	% of total revenue	Gross profit HK$'000	Gross profit margin %	HK$'000	% of total revenue	Gross profit HK$'000	Gross profit margin %	HK$'000	% of total revenue	Gross profit HK$'000	Gross profit margin %	HK$'000 (unaudited)	% of total revenue	Gross profit HK$'000	Gross profit margin %	HK$'000	% of total revenue	Gross profit HK$'000	Gross profit margin %
Public sector projects	409,202	95.0	29,975	7.3	525,844	99.8	41,788	7.9	876,840	99.8	62,126	7.1	221,140	99.7	15,676	7.1	304,544	99.7	22,066	7.2
Private sector projects	21,322	5.0	2,040	9.6	1,270	0.2	143	11.3	1,922	0.2	223	11.6	762	0.3	92	12.1	832	0.3	124	14.9
Total/overall	430,524	100.0	32,015	7.4	527,114	100.0	41,931	8.0	878,762	100.0	62,349	7.1	221,902	100.0	15,768	7.1	305,376	100.0	22,190	7.3

During the Track Record Period and up to the Latest Practicable Date, we had completed 64 projects, which consisted of 62 RMAA services projects and two building construction services projects. As at the Latest Practicable Date, we had 16 on-going projects (including projects in progress as well as contracts that have been awarded to us but not yet commenced) with total awarded contract sum of approximately HK$2,757.3 million, which consisted of 13 RMAA services projects with total awarded contract sum of approximately HK$2,129.5 million and three building construction services projects with total awarded contract sum of approximately HK$627.8 million. Among the total contract sum of approximately HK$2,757.3 million, it is expected that revenue of approximately HK$1,148.7 million will be recognised after the Track Record Period.

Backlog

The following table sets out the movement of the number of projects with revenue contribution to us during the Track Record Period and 31 October 2019 (being the latest practicable date to determine our Group's backlog):

	As at/for the year ended 31 March			As at/for the four months ended 31 July	As at/for the three months ended 31 October
	2017	2018	2019	2019	2019
Projects brought forward from prior year/ period	18	18	13	12	13
New projects awarded	18	21	18	2	2
Projects completed during the year/period	(18)	(26)	(19)	(1)	—
Projects carried forward to next year/period	18	13	12	13	15

The table below sets out the movement of contract sum (including variation orders) corresponding to the above projects during the Track Record Period and 31 October 2019 (being the latest practicable date to determine our Group's backlog):

	As at/for the year ended 31 March			As at/for the four months ended 31 July	As at/for the three months ended 31 October
	2017	2018	2019	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Outstanding contract sum as at the beginning of the financial year/ period	638,031	1,428,322	1,849,809	1,329,599	1,028,189
Contract sum of new projects awarded during the year/period	1,220,815	948,601	358,552	3,966	117,682
Revenue recognised during the year/ period	(430,524)	(527,114)	(878,762)	(305,376)	(314,851)
Outstanding contract sum as at the end of the financial year/period	1,428,322	1,849,809	1,329,599*(Note)*	1,028,189*(Note)*	831,020

Note: The outstanding contract sum as at 31 March 2019 and 31 July 2019 stated above is smaller than the amount of remaining performance obligations amounting to approximately HK$1,357.1 million (RMAA services: HK$1,081.1 million; building construction services: HK$276.0 million) and HK$1,055.4 million (RMAA services: HK$868.5 million; building construction services: HK$186.9 million) respectively as disclosed in note 6 of the Accountants' Report included in Appendix I to this listing document. This is because the backlog amount stated above only includes outstanding contract sum in respect of our on-going projects. The difference of approximately HK$27.5 million and HK$27.2 million as at 31 March 2019 and 31 July 2019 respectively was mainly attributable to certain completed projects, namely project R3, R5 and R7, in which we are awaiting for customers' endorsement on the outstanding contract sum.

The decrease in the amount of contract sum of new projects awarded to our Group during the year ended 31 March 2019 and the four months ended 31 July 2019 was mainly due to our strategy to focus our resources on our on-going projects considering our capacity and therefore has taken a less aggressive tender strategy. For details, please refer to the paragraph headed "Business — Our projects — Backlog" in this listing document.

Tender Success Rate

During the Track Record Period, we secured new businesses mainly through invitation to tender or request for quotation by our customers. The following table sets forth the details on the number of tenders and/or quotations provided by our Group and the corresponding success rate in respect of acceptance of our tenders and quotations by our customers during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July 2019		After the Track Record Period and up to the Latest Practicable Date	
	2017		2018		2019					
	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided
Number of projects tendered for/ with quotation provided	**8**	**3**	**12**	**6**	**5**	**1**	**1**	**1**	**3**	**—**
RMAA services	6	3	10	6	4	1	—	1	—	—
Building construction services	2	—	2	—	1	—	1 (Note)	—	3 (Note)	—
Number of projects awarded	**3**	**2**	**3**	**5**	**2**	**1**	**—**	**1**	**—**	**—**
RMAA services	2	2	2	5	2	1	—	1	—	—
Building construction services	1	—	1	—	—	—	—	—	—	—
Success Rate	**37.5%**	**66.7%**	**25.0%**	**83.3%**	**40.0%**	**100.0%**	**N/A**	**100.0%**	**N/A**	**N/A**
RMAA services	33.3%	66.7%	20.0%	83.3%	50.0%	100.0%	N/A	100.0%	N/A	N/A
Building construction services	50.0%	N/A	50.0%	N/A	0%	N/A	N/A (Note)	N/A	N/A (Note)	N/A

Note: Such tenders are pending for result as at the Latest Practicable Date.

Our historical success rates may not be reflective of our future success due to our non-discriminatory strategy in submitting tender and providing quotation. For our risk in relation to our success rates, please refer to the paragraph headed "Risk Factors — Risks relating to our business" for further details. Historically, our Directors would respond to tender invitations or quotation requests by submitting tenders or providing quotations.

For further details, please refer to the section headed "Business" in this listing document.

OPERATION

For illustration purpose, a simplified flow diagram of the key operational procedures undertaken by our Group in relation to our services is outlined below:

Project identification

↓

Tendering/Quotation submission (1–4 weeks)

- Tender/quotation review and preparation process
- Submission of tender/quotation proposed and award of contract
- Price determination

↓

Project implementation

- Formation of project team (1–2 weeks)
- Procurement of materials and equipment
- Implementation of works by direct labour and/or delegation of works to our subcontractors (subject to contract term)

↓

Completion of works

- Inspection
- Application for payment and certification

Practical completion

↓ Defect liability period (normally 12 months)

Return of retention money

PRICING STRATEGY

We generally set our tender and/or quotation price on a project-by-project basis based on the estimated costs to be incurred plus a certain mark-up percentage.

We estimate the cost of undertaking a project by reference to various factors including but not limited to (i) the estimated number and types of workers required; (ii) the difficulties of the works involved; (iii) the estimated number and types of machines required; (iv) the availability of our manpower and resources; (v) the completion time requested by our customers; (vi) material costs; (vii) the need for subcontracting; (viii) the overall cost in undertaking the project; (ix) the historical prices offered to the customer; and (x) the prevailing market conditions. If the project is expected to involve the use of subcontractors, we may also obtain subcontractor's preliminary quotation for the estimation of cost. The mark-up percentage may vary from project to project due to (i) the size of the project; (ii) the likelihood of any material deviation of the actual cost from the estimated cost having regard to the types and amount of labours, machineries, consumables, materials and other resources involved in our cost estimations; and (iii) the existence of any other implicit or indirect costs or factors that may be involved in undertaking the project.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material loss-making projects.

CUSTOMERS

During the Track Record Period, our projects included public sector projects as well as private sector projects. Our customers are substantially the main contractors of construction projects in Hong Kong. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, the percentage of our Group's aggregate revenue attributable to our Group's largest customer was approximately 54.9%, 41.0%, 42.5% and 49.7%, respectively, while the percentage of our Group's total revenue attributable to our five largest customers in aggregate was approximately 93.0%, 97.0%, 98.6% and 99.7%, respectively.

During the Track Record Period, a significant portion of our revenue was derived from public sector projects. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, revenue derived from public sector projects amounted to approximately HK$409.2 million, HK$525.8 million, HK$876.8 million and HK$304.5 million respectively, representing approximately 95.0%, 99.8%, 99.8% and 99.7% of our total revenue, respectively. All our revenue is derived from services provided in Hong Kong.

SUPPLIERS

Our suppliers primarily supply the following materials or services to us: (i) steel, aluminium, wooden door and glass; (ii) transportation of construction waste; (iii) rental of machinery; and (iv) testing and surveying of the quality of materials. We generally engage our suppliers on a project-by-project basis, therefore we have not entered into any long term agreements with our suppliers. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, the percentage of our Group's cost of services attributable to our five largest suppliers in aggregate was approximately 3.0%, 2.5%, 1.9% and 2.8% respectively. During the Track Record Period, we had no material shortage of materials. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our material costs amounted to approximately HK$60.7 million, HK$61.3 million, HK$92.3 million and HK$38.1 million respectively, representing approximately 15.2%, 12.6%, 11.3% and 13.5% of our cost of services, respectively.

SUBCONTRACTORS

Subcontracting of works is a usual practice in the Hong Kong construction industry. As the entire process of construction project involves different kinds of works, we may subcontract some of our works as: (i) it may not be cost effective for us to directly undertake each of the works involved; (ii) there are some parts of the project that require specific licence and expertise such as foundation work; and (iii) we may not have full capacity to undertake certain portions of a project. In addition, subcontractors can provide additional labours with different skills without the need for us to keep them under our employment.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our subcontracting costs amounted to approximately HK$236.6 million, HK$303.4 million, HK$545.8 million and HK$180.9 million, respectively, representing approximately 59.4%, 62.5%, 66.9% and 63.9% of our cost of services, respectively.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, the percentage of the total cost of services attributable to our largest subcontractor amounted to approximately 9.8%, 9.4%, 10.2% and 9.1% of the total cost of services respectively, while the percentage of the total cost of services attributable to our five largest subcontractors combined amounted to approximately 24.5%, 24.5%, 28.8% and 27.5% of the total cost of services, respectively. Accordingly, our Directors confirmed that during the Track Record Period, our Group was not dependent on any single subcontractor.

COMPETITIVE STRENGTHS

We believe we have stayed ahead of our competitors by having the following competitive strengths:

— Established track record and reputation in the Hong Kong construction industry

— Long-term relationships with some of our major customers, suppliers and subcontractors

— Experienced and professional management teams

— Commitment and capability to maintain safety standards

BUSINESS STRATEGIES

— Continue to strengthen our market position in the Hong Kong construction industry and expand our market share in Hong Kong

— Further strengthen our manpower

IMPLEMENTATION OF BUSINESS STRATEGIES AND USE OF PROCEEDS

Implementation of business strategies since the Listing on GEM

Our Group has taken active steps to strengthen our market position in the industry and expand our market share in Hong Kong since the Listing on GEM. During the period from the GEM Listing Date to the Latest Practicable Date, our Group secured projects with aggregate awarded contract sum of approximately HK$482.6 million. Our Group has achieved business growth with increasing revenue and profit after the Listing on GEM. Our Group has also been strengthening our manpower by recruiting additional staff with relevant industry knowledge and experience since the Listing on GEM.

Our Directors are of the view that the existing implementation plans have successfully helped our Group to achieve its business strategies. Our Group will continue to apply such implementation plans in pursuit of expanding our market share and strengthening our manpower.

Use of proceeds

The below tables sets forth the details of our planned use of proceeds and the actual amount utilised up to 30 September 2019 and 31 October 2019 (being the latest practicable date to determine our Group's actual use of net proceeds):

	Adjusted use of net proceeds *(Note)*		Planned use of net proceeds from the GEM Listing Date to 30 September 2019		Actual use of net proceeds up to 30 September 2019		Actual use of net proceeds up to 31 October 2019	
	HK$ million	%	HK$ million	%	HK$ million	%	HK$ million	%
The recruitment and retaining of additional staff	21.2	40.9	18.8	49.9	13.1	37.4	14.0	39.0
The surety bond	23.7	45.8	16.0	42.4	15.0	42.9	15.0	41.8
Purchase of machineries and motor vehicles	2.9	5.6	2.9	7.7	2.9	8.3	2.9	8.1
Working capital	4.0	7.7	N/A	N/A	4.0	11.4	4.0	11.1
Total	51.8	100.0	37.7	100.0	35.0	100.0	35.9	100.0

Note: The adjusted allocation of net proceeds is different from the percentage of allocation of net proceeds as disclosed in the GEM Prospectus as the actual amount of net proceeds obtained from the Listing on GEM was higher than our estimation as disclosed in the GEM Prospectus. All of the surplus proceeds, which amounted to approximately HK$7.7 million, have been allocated to obtain surety bonds.

As at 30 September 2019, the actual use of net proceeds fell short of that disclosed in the GEM Prospectus was mainly due to (i) the longer-than-expected time spent to seek for and recruit suitable staff in the job market; and (ii) the fact that only two projects awarded to our Group require us to provide surety bond from the GEM Listing Date and up to the Latest Practicable Date. Please refer to the paragraph headed "Business — Implementation of business strategies and use of proceeds — Use of proceeds" in this listing document for further details.

RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We believe the more significant risks relating to our business are as follows:

— Our revenue is mainly derived from projects which are not recurrent in nature and there is no guarantee that our customers will provide us with new businesses or that we will be able to obtain new business after completion of our projects

— We had a concentration of customers during the Track Record Period

— We are reliant on the availability of construction projects from the public and private sectors in Hong Kong

— Our pricing is subject to competition from our competitors and there is no assurance that we will succeed in the tender process to maintain our historical success rates

— Cancellation, suspension or delay in the commencement of public sector projects, which may be caused by factors such as political disagreements in relation to such projects, delay in approval of funding proposals due to political objections or legal actions by the affected members of the public, may adversely affect our financial position and results of operation

— We recorded a net operating cash outflow for the year ended 31 March 2018 and there is no assurance that we will not have net cash outflow in the future

A detailed discussion of the risk factors is set forth in the section headed "Risk Factors" in this listing document, and investors should read the entire section before deciding to invest in the Shares of the Company.

LICENSES AND QUALIFICATIONS

Our Group holds various construction related licences and qualifications. As at the Latest Practicable Date, our Group has obtained major licences, qualifications and certifications in Hong Kong from Construction Industry Council, Buildings Department and Electrical and Mechanical Services Department. Please refer to the paragraph headed "Business — Major qualifications, licences, certifications and compliance" in this listing document for further details.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our Group had certain non-compliance incidents which our Group had rectified, including (i) our Group having underpaid several ex-employees/employees in their MPF contribution and failed to file and submit to the MPF trustee the year-end bonus payment for several employees; and (ii) our Group having underreported its assessable profits and filed incorrect profits tax returns for the years of assessment 2013/14 and 2014/15. Please refer to the paragraph headed "Business — Non-compliance" in this listing document for further details.

LITIGATION AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, our Group was convicted of two criminal charges in relation to non-compliances with certain health-related and industrial safety laws and regulations. The two criminal charges comprise of two occasions of our Group's failure to take adequate steps to prevent a person on site from falling from a height of two metres or more. The aggregate amount of penalty for these two criminal charges was approximately HK$30,000. Please refer to the paragraph headed "Business — Litigation and claims" in this listing document for further details.

On 28 May 2019, we recorded an accident in the course of our provision of services which may give rise to potential personal injury claim and/or employees' compensation claim against our Group. Our Directors believe that the insurance maintained by the main contractor should be sufficient to cover the potential claim. We recorded another incident on 19 July 2019 in the course of our provision of services, which had already been settled. Details of the said two incidents are disclosed under the paragraph headed "Business — Litigation and claims — Potential claims against our Group" in this listing document.

During the Track Record Period, and up to the Latest Practicable Date, save for the incidents disclosed hereinabove, our Group did not record any work-related accidents or injuries.

SHAREHOLDER INFORMATION

Immediately following completion of the Transfer of Listing, our group of Controlling Shareholders will together continue to be entitled to exercise or control the exercise of 56.25% of our Company's entire issued share capital. Each of Universe King and Great Star is an investment holding company wholly-owned by Mr. CK Tsang and Mr. MP Tsang respectively. Mr. CK Tsang and Mr. MP Tsang are deemed to be interested in our Shares held by Universe King and Great Star respectively under the SFO. Accordingly, Universe King, Great Star, Mr. CK Tsang and Mr. MP Tsang are regarded as a group of controlling shareholders under the Main Board Listing Rules. There had been no material change in our Controlling Shareholders' shareholdings in our Company since the GEM Listing Date and up to the Latest Practicable Date.

For details of our relationship with our Controlling Shareholders, please refer to the section headed "Relationship with Controlling Shareholders" in this listing document.

FINANCIAL INFORMATION

Our Historical Financial Information has been prepared in accordance with HKFRSs.

The following table presents the results of operations of our Group during the Track Record Period, which was derived from the consolidated statements of profit and loss and other comprehensive income and consolidated statements of financial position as set out in the Accountants' Report in Appendix I to this listing document.

Consolidated statements of profit or loss and other comprehensive income

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Revenue	430,524	527,114	878,762	221,902	305,376
Gross profit	32,015	41,931	62,349	15,768	22,190
Profit before taxation	27,992	14,746	45,951	11,593	7,658
Profit and total comprehensive income for the year/period attributable to owners of the Company	23,626	9,678 *(Note)*	38,268	9,650	4,698 *(Note)*

Note: The decreases in profit and total comprehensive income for the year ended 31 March 2018 and the four months ended 31 Jul 2019 were mainly due to the listing expenses in connection with the Listing on GEM of approximately HK$15.6 million and listing expenses in connection with the Transfer of Listing of approximately HK$10.2 million for the respective periods respectively. Excluding listing expenses in connection with the Listing on GEM and the Transfer of Listing, the profit and total comprehensive income attributable to owners of the Company for the year ended 31 March 2018 and the four months ended 31 July 2019 would be approximately HK$25.3 million and HK$14.9 million respectively.

Our overall revenue increased by approximately 37.6% from approximately HK$221.9 million for the four months ended 31 July 2018 to approximately HK$305.4 million for the four months ended 31 July 2019. The increase was primarily due to the increase in revenue recognised for RMAA services of approximately HK$25.3 million and increase in revenue recognised for building construction services of approximately HK$58.2 million.

The increase in revenue derived from RMAA services was mainly due to (i) the increase in revenue recognised of approximately HK$10.0 million for project A4 mainly attributable to more RMAA services work, including electrical and air conditioning work, completed for the four months ended 31 July 2019; (ii) the increase in revenue recognised of approximately HK$10.7 million for project A8 mainly attributable to more maintenance and repair work, including electrical, air conditioning and waterproofing work, completed for the four months ended 31 July 2019; (iii) the increase in revenue recognised of approximately HK$8.2 million for project A7 mainly attributable to more maintenance and repair work completed in southern district of Hong Kong Island for the four months ended 31 July 2019; and (iv) the increase in revenue recognised of approximately HK$7.9 million for project A3 mainly attributable to more general maintenance and repair work completed for the four months ended 31 July 2019; and partially offset by the decrease in revenue recognised of approximately HK$9.3 million for project A5 mainly attributable to less RMAA services work completed for the four months ended 31 July 2019.

The increase in revenue derived from building construction services was mainly due to (i) the increase in revenue recognised of approximately HK$55.1 million for project A6 mainly attributable to our work done in relation to the construction works of superstructure for columbarium blocks for the four months ended 31 July 2019; and (ii) the increase in revenue recognised of approximately HK$21.4 million for project A9 mainly attributable to more value of work certified for the four months ended 31 July 2019. Project A9 commenced in July 2018 and therefore only revenue in respect of our work done for the first month fell into the four months ended 31 July 2018, as compared to revenue of four months of work done recognised for the four months ended 31 July 2019. The increase in revenue derived from building construction services was partially offset by the decrease in revenue recognised of approximately HK$18.3 million for project A2 mainly attributable to majority of contract value was recognised as revenue in previous periods.

Our overall revenue increased by approximately 66.7% from approximately HK$527.1 million for the year ended 31 March 2018 to approximately HK$878.8 million for the year ended 31 March 2019. The increase was primarily due to the increase of revenue recognised for RMAA services of approximately HK$216.9 million and increase of revenue recognised for building construction services of approximately HK$134.8 million.

The increase in revenue derived from RMAA services was mainly due to (i) the increase in revenue recognised of approximately HK$152.0 million for project A4 mainly attributable to more RMAA services work, including air conditioning, general maintenance and repair work, completed for the year ended 31 March 2019; (ii) the increase in revenue recognised of approximately HK$87.4 million for project A8 mainly attributable to more maintenance and repair work, including electrical, air conditioning and waterproofing work, completed for the year ended 31 March 2019; and (iii) the increase in revenue recognised of approximately HK$58.5 million for project A7 mainly attributable to more maintenance and repair work completed in south district of Hong Kong Island for the year ended 31 March 2019; and partially offset by the (i) the decrease in revenue recognised of approximately HK$63.2 million for project A3 mainly attributable to less general maintenance and repair work completed for the year ended 31 March 2019; and (ii) the decrease in revenue recognised of approximately HK$28.9 million for project R7 mainly attributable to completion of project R7 in December 2017.

The increase in revenue derived from building construction services was mainly due to (i) the increase in revenue recognised of approximately HK$72.6 million for project A6 mainly attributable to the commencement of construction of superstructure for columbarium blocks for the year ended 31 March 2019; and (ii) revenue recognised of approximately HK$50.7 million for project A9 for the year ended 31 March 2019. Project A9 commenced in July 2018 and no revenue was recognised in respect of this project for the year ended 31 March 2018.

Our overall revenue increased by approximately 22.4% from approximately HK$430.5 million for the year ended 31 March 2017 to approximately HK$527.1 million for the year ended 31 March 2018. The increase was primarily due to increase of revenue recognised for RMAA services of approximately HK$51.9 million and building construction services of approximately HK$44.7 million.

The increase in revenue derived from RMAA services was mainly attributable to (i) revenue recognised of approximately HK$48.3 million for project A8 for the year ended 31 March 2018. Project A8 commenced in April 2017 and no revenue was recognised in respect of this project for the year ended 31 March 2017; (ii) revenue recognised of approximately HK$42.1 million for project A7 for the year ended 31 March 2018. Project A7 commenced in April 2017 and no revenue was recognised in respect of this project for the year ended 31 March 2017; (iii) the increase in revenue recognised of approximately HK$47.8 million for project A3 mainly attributable to more general maintenance and repair work completed for the year ended 31 March 2018; (iv) the increase in revenue recognised of approximately HK$19.4 million for project A4 mainly attributable to more electrical related RMAA services work completed for the year ended 31 March 2018; and partially offset by (i) the decrease in revenue recognised of approximately HK$55.4 million for project R7 mainly attributable to completion of project R7 in December 2017 and majority of contract value was recognised as revenue in previous years; and (ii) the decrease in revenue recognised of approximately HK$27.1 million for project R5 mainly attributable to majority of contract value was recognised as revenue in previous years.

The increase in our revenue derived from building construction services was mainly due to (i) the increase in revenue recognised of approximately HK$27.2 million for project A6 due to more value of work certified for the year ended 31 March 2018. Project A6 commenced in December 2016 and therefore only revenue in respect of our work done for the first four months fell into the year ended 31 March 2017, as compared to a full year for the year ended 31 March 2018; and (ii) the increase in revenue recognised of approximately HK$18.8 million for project A2 mainly attributable to our work done in relation to the construction works of two building blocks of a hospital for the year ended 31 March 2018; and partially offset by the decrease in revenue recognised of approximately HK$2.1 million for project C1 due to completion of project in the year ended 31 March 2017.

Our overall gross profit increased by approximately 40.7% from approximately HK$15.8 million for the four months ended 31 July 2018 to approximately HK$22.2 million for the four months ended 31 July 2019. Such increase was primarily attributable to the increase in revenue as explained above, partially offset by the decrease in gross profit margin of building construction services for the four months ended 31 July 2019. The decrease in gross profit margin of our building construction services was mainly due to the relatively lower gross profit margin recorded by project A2 mainly attributable to higher material costs incurred in relation to installation of lift.

Our overall gross profit increased by approximately 48.7% from approximately HK$41.9 million for the year ended 31 March 2018 to approximately HK$62.3 million for the year ended 31 March 2019. Such increase was primarily attributable to the increase in our revenue as explained above, partially offset by the decrease in gross profit margin from approximately 8.0% for the year ended 31 March 2018 to approximately 7.1% for the year ended 31 March 2019. We recorded a decrease in gross profit margin for both RMAA services and building construction services for the year ended 31 March 2019. The decrease in gross profit margin of RMAA services was mainly due to the relatively lower gross profit margin recorded by project A8 mainly attributable to the higher subcontracting costs. The scope of work of project A8 mainly consists of maintenance and repair work for three districts in NT east of Hong Kong. Having considered the scope and workload of the project and availability of resources, the Group delegated most of a district's work to a subcontractor, which have led project A8 to have higher subcontracting costs. Project A8, which commenced in April 2017, accounted for approximately 11.2% and 20.9% of the revenue generated from RMAA services for the years ended 31 March 2018 and 2019 respectively. The decrease of gross profit margin of building construction services was mainly due to the relatively lower gross profit margin recorded by project A9 mainly attributable to the upfront site preparation costs incurred in relation to inspection and machinery testing for commencement of project. Project A9, which commenced in July 2018, accounted for approximately 22.0% of the revenue generated from building construction services for the year ended 31 March 2019.

Our overall gross profit increased by approximately 31.0% from approximately HK$32.0 million for the year ended 31 March 2017 to approximately HK$41.9 million for the year ended 31 March 2018. Such increase was primarily attributable to the increase in our revenue as explained above, and also the slight increase in the gross profit margin from approximately 7.4% for the year ended 31 March 2017 to approximately 8.0% for the year ended 31 March 2018. The increase in gross profit margin was primarily attributable to the increase in the percentage of revenue contributed by building construction services from approximately 11.8% for the year ended 31 March 2017 to approximately 18.2% for the year ended 31 March 2018, as building construction services had a higher gross profit margin as compared to that of RMAA services.

Summary of consolidated statements of financial position

	As at 31 March			As at 31 July	As at 31 October
	2017	2018	2019	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)
Non-current assets	1,891	2,926	2,994	3,904	4,301
Current assets	104,333	233,006	278,826	271,569	280,186
Current liabilities	60,315	111,295	121,614	110,537	102,327
Net current assets	44,018	121,711	157,212	161,032	177,859
Total assets less current liabilities	45,909	124,637	160,206	164,936	182,160
Non-current liabilities	1,302	1,412	646	678	475
Net assets	44,607	123,225	159,560	164,258	181,685

Cash flow

The table below sets out selected cash flow data from our consolidated statements of cash flows during the Track Record Period:

	Year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Operating cash flows before movements in working capital	27,554	15,766	48,089	12,222	8,966
Net cash from/(used in) operating activities	14,981	(23,109)	18,868	(18,528)	(47,304)
Net cash from/(used in) investing activities	(2,735)	(567)	(684)	(867)	(769)
Net cash from/(used in) financing activities	(8,810)	86,281	4,652	6,954	(3,592)
Net increase/(decrease) in cash and cash equivalents	3,436	62,605	22,836	(12,441)	(51,665)
Cash and cash equivalents at the beginning of the year/period	2,976	6,412	69,017	69,017	91,853
Cash and cash equivalents at the end of the year/period	6,412	69,017	91,853	56,576	40,188

For the four months ended 31 July 2019, our net cash used in operating activities amounted to approximately HK$47.3 million. Such amount was primarily attributable to (i) the decrease in profit before taxation for the four months ended 31 July 2019 of approximately HK$3.9 million as a result of the non-recurring listing expenses of approximately HK$10.2 million; (ii) the decrease in trade and other receivables of approximately HK$8.9 million primarily attributable to settlement of progress billings of project A6 and A9; (iii) the decrease in contract liabilities of approximately HK$23.5 million primarily attributable to decrease in advances from customers of construction contracts for project A4 and A6; (iv) the increase in trade and other payables of approximately HK$12.4 million primarily attributable to increase of subcontracting and material costs payable for project A5 and A8; and (v) the increase in contract assets of approximately HK$54.1 million primarily attributable to increase in unbilled revenue of construction contracts for project A3, A5, A6 and A7. Our Directors consider our Group has an effective internal control policy on the management of trade receivables and payables settlements, and the negative operating cash flow is temporary. Our Group will continue to closely monitor the progress of our projects, timely issue progress billings upon certification and follow-up outstanding trade receivables. Our Group will also monitor our cash flow position and, if necessary, request larger amount of advances from customers to ensure we have sufficient working capital to meet our operation needs.

For the four months ended 31 July 2018, our net cash used in operating activities amounted to approximately HK$18.5 million. Such amount was primarily attributable to (i) the profit before taxation for the four months ended 31 July 2018 of approximately HK$11.6 million; (ii) the increase in contract assets of approximately HK$23.8 million primarily attributable to increase in unbilled revenue of construction contracts for project A5; (iii) the increase in trade and other payables of approximately HK$7.1 million primarily attributable to increase of subcontracting and material costs payable for project A5; (iv) the decrease in contract liabilities of approximately HK$6.0 million primarily attributable to decrease in advances from customers of construction contracts for project A2 and A6; and (v) the increase in trade and other receivables of approximately HK$4.5 million primarily attributable to increase in prepayment to subcontractors.

For the year ended 31 March 2018, our net cash used in operating activities amounted to approximately HK$23.1 million. Such amount was primarily due to (i) the decrease in profit before taxation for the year ended 31 March 2018 of approximately HK$13.2 million as a result of the non-recurring listing expenses of approximately HK$15.6 million; (ii) increase in amounts due from customers for contract work of approximately HK$41.3 million primarily attributable to projects A3, A7 and A8; and (iii) the increase in trade and other receivables of approximately HK$43.2 million primarily attributable to progress billings of project A2 and A4; and partially offset by increase in trade and other payables of approximately HK$41.0 million. For details, please refer to the paragraph headed "Financial Information — Cash flows — Net cash generated from (used in) operating activities" in this listing document. For our risk in relation to our operating cashflow, please refer to the paragraph headed "Risk Factors — Risks relating to our business" for further details.

In our business operations, there are often time lags between making payments to our subcontractors and suppliers and receiving payments from our customers, resulting in possible cash flow mismatch. The extend of cash flow mismatch is illustrated by the difference in our average trade payables turnover days and average trade receivables turnover days. Our average trade payables turnover days were 11.2 days, 17.1 days, 18.4 days and 24.2 days for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 respectively. Our average trade receivables turnover days (including contract assets and amounts due from customers for contract work) were 48.6 days, 67.6 days, 61.2 days and 75.3 days for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 respectively. For further details, please refer to the paragraphs headed "Financial information — Analysis of selected consolidated statements of financial position items — Trade and other payables — Trade payables" and "Financial information — Analysis of selected consolidated statements of financial position items — Trade and other receivables — Trade receivables" in this listing document.

For the four months ended 31 July 2019, our net cash used in operating activities amounted to approximately HK$47.3 million and our balance of cash and cash equivalents as at 31 July 2019 was approximately HK$40.2 million. The Directors believe that the extent of negative operating cash flows will be reduced for the year ending 31 March 2020. In order to improve our cash flow position, our Group has established the following measures:

(i) our staff shall follow up with our customers on-time for payment of invoices. As at 31 October 2019, approximately HK$66.3 million, or 95.3%, of the gross amount of trade receivables as at 31 July 2019 was subsequently settled;

(ii) our staff shall follow up with our customers on-time for certification of work performed. As at 31 October 2019, approximately HK$92.9 million, or 66.2%, of the contract assets as at 31 July 2019 was subsequently settled;

(iii) our staff shall utilise fully the credit terms of subcontractors' and/or suppliers' invoices;

(iv) our staff shall request for larger amount of advances from customers for purchases of materials for contract work if necessary;

(v) our staff shall utilise banking facilities to strengthen our working capital position if necessary. As at the Latest Practicable Date, we had unutilised bank overdraft facility of HK$5.0 million. For further details, please refer to the paragraph headed "Financial information — Indebtedness — Bank borrowings";

(vi) our staff shall prepare a documented plan describing the expected cash inflow from customers and cash outflow to subcontractors and suppliers for each project. The documented plan is submitted to the management for review on a monthly basis; and

(vii) our finance department will closely monitor the cash flow plans for each project and its implementation. Management of our Group will further monitor the cash flow position of our Group by reference to the cash flow statements, cash flow forecasts, management accounts and other management reports on an ongoing basis.

Our Directors believe that by implementing the aforesaid measures, our Group would be able to improve our cash flow position.

Key financial ratios

	For the year ended/as at 31 March			For the four months ended/ as at 31 July
	2017	2018	2019	2019
PROFITABILITY RATIOS				
Gross profit margin (%)	7.4	8.0	7.1	7.3
Net profit margin *(%)*	5.5	1.8	4.4	1.5
Return on equity *(%)*	53.0	7.9	24.0	N/A
Return on total assets *(%)*	22.2	4.1	13.6	N/A
LIQUIDITY RATIOS				
Current ratio *(times)*	1.7	2.1	2.3	2.5
CAPITAL ADEQUACY RATIOS				
Gearing ratio[(Note)] *(%)*	4.3	1.8	4.5	2.6
Interest coverage *(times)*	369.3	142.8	168.1	82.5

Note: Gearing ratio is calculated by dividing the total debt which represents obligations under finance leases, lease liabilities and bank borrowings by total equity as at the end of the respective year/period and multiplied by 100%.

Please refer to the paragraph headed "Financial Information — Analysis of selected consolidated statements of financial position items", "Financial Information — Liquidity and capital resources — Cash flow" and "Financial Information — Summary of key financial ratios" in this listing document for further details.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have been awarded three additional RMAA services projects with awarded contract sum of approximately HK$120.5 million. For the same period, we have submitted three tenders with aggregate contract sum of approximately HK$372.1 million. As at the Latest Practicable Date, such tenders are pending for results. Our Group also has one tender submitted during the four months ended 31 July 2019 with contract sum of approximately HK$332.7 million awaiting for result as at the Latest Practicable Date.

As at the Latest Practicable Date, we had 16 on-going projects (including projects in progress as well as contracts that have been awarded to us but not yet commenced) with total contract sum of approximately HK$2,757.3 million, among which it is expected that revenue of approximately HK$1,148.7 million will be recognised after the Track Record Period. Please refer to the paragraph headed "Business — Our projects" in this listing document for further details.

As at the Latest Practicable Date, all existing projects have continued to contribute revenue to our Group and none of them have had any material interruption. Based on our interim report dated 9 November 2019, our revenue and profit attributable to owners of our Company for the six months ended 30 September 2019 were approximately HK$514.1 million and HK$15.8 million respectively, representing an increase of approximately 56.3% and a decrease of approximately 8.2% as compared to the corresponding period in 2018 respectively. Our financial information for the six months ended 30 September 2019 has been reviewed by our reporting accountants 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. For details, please refer to the section headed "Financial Information of our Group for the six months ended 30 September 2019" in Appendix IA to this listing document.

We expect to record a decrease in our net profit for the year ending 31 March 2020 as compared to the year ended 31 March 2019. Such decrease was mainly due to the non-recurring listing expenses in connection with the Transfer of Listing of approximately HK$16.5 million to be recognised for the year ending 31 March 2020. Our Directors confirm that, up to the date of this listing document, save for the impact of listing expenses, there has been no material adverse change in our financial, operational or trading positions or prospects subsequent to 31 July 2019, being the latest date of our consolidated financial statements as set out in the Accountants' Report included in Appendix I to this listing document.

LISTING EXPENSES

Our Group was listed on GEM on 13 February 2018. We incurred listing expenses of approximately HK$15.6 million for Listing on GEM in the year ended 31 March 2018.

Our estimated listing expenses for the Transfer of Listing primarily consist of professional fees paid to the Sole Sponsor, legal advisers and the reporting accountants for their services rendered in relation to the Transfer of Listing. The total estimated listing expenses will be approximately HK$16.5 million, of which the whole sum is expected to be chargeable to the consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2020. Listing expenses of approximately HK$10.2 million was recognised during the four months ended 31 July 2019. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

DIVIDENDS AND DIVIDEND POLICY

Our Company has adopted a dividend policy. Under our Group's dividend policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of our Company.

We do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, our Board will take into account, *inter alia*, our Group's results of its operations, cash flows, financial conditions, future prospects, legal and tax considerations and other factors our Board deems appropriate.

During the year ended 31 March 2017, Double Gain distributed dividends of approximately HK$8.0 million. In October 2017, our Group declared and paid a dividend of approximately HK$18.4 million before Listing on GEM to set off against the amounts due from Shareholders of our Group.

Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group would maintain net current assets and net assets positions after payment of the dividend.

For further details, please refer to the paragraph headed "Financial Information — Dividends and dividend policy" in this listing document.

REASONS FOR THE TRANSFER OF LISTING

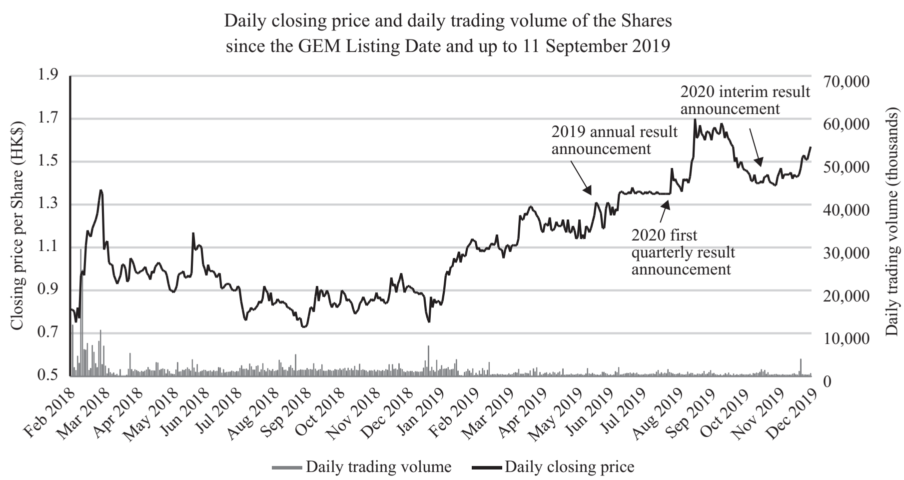
Our Directors are of the view that the Listing on GEM is of assistance to our Group to gain public recognition and profile. After the Listing on GEM, our Group has achieved business growth with increasing revenue and profit. Our Directors consider that since the Main Board is perceived to enjoy more premium status by investors, the Transfer of Listing, if approved and proceeded, will further promote our corporate profile and recognition among public investors and increase attractiveness of our Shares to the public investors and thus broaden our investor base and enhance the trading liquidity of our Shares. Furthermore, obtaining a listing status on the Main Board will strengthen our position in the industry and enhance our competitive strengths in retaining staff and attracting customers. Therefore, our Directors are of the view that the Transfer of Listing will be beneficial to the future growth, financing flexibility and business development of our Group which will create a long-term value to our Shareholders.

As at the date of this listing document, our Board has no immediate plans to change the nature of the business of our Group following the Transfer of Listing. The Transfer of Listing will not involve any issue of new Shares by our Company.

SHARE PRICE AND TRADING VOLUME

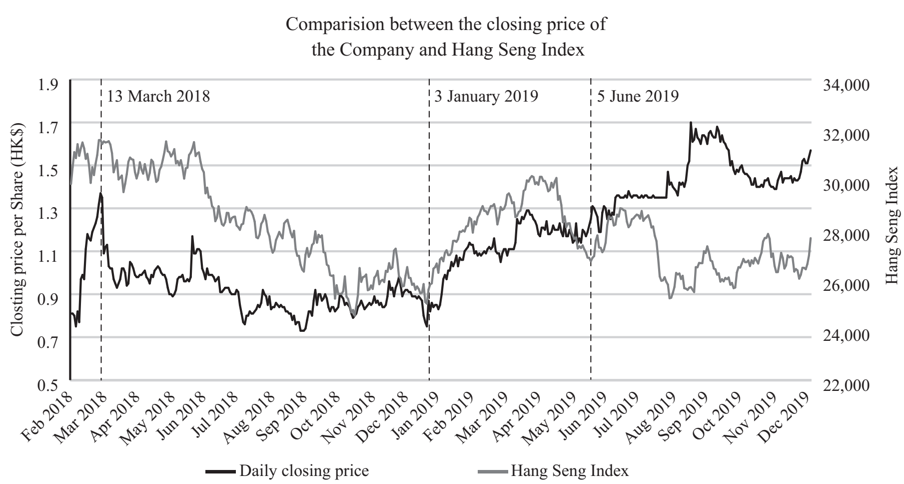
Share price

The chart below shows the daily closing price and daily trading volume of the Shares since the GEM Listing Date and up to the Latest Practicable Date.



Source: the website of Stock Exchange

The chart below shows the comparison between the daily closing price of our Shares and Hang Seng Index since the GEM Listing Date and up to the Latest Practicable Date.



Source: the website of Stock Exchange and Bloomberg

Since the GEM Listing Date and up to the Latest Practicable Date, the highest closing price of the Shares was HK$1.70 recorded on 30 August 2019 and the lowest closing price of the Shares was HK$0.73 recorded on 10 September 2018, 11 September 2018 and 12 September 2018. Set out below are the quantitative information and explanations on material fluctuations in our Company's share price during this period:

— the closing price of the Shares increased from HK$0.81 per Share on the GEM Listing Date to HK$1.37 per Share on 13 March 2018, representing an increase of approximately 69.1%. Our Directors confirmed that they are not aware of any changes in our Company's circumstances leading to the increase in the share price;

— the closing price of the Shares decreased from HK$1.37 per Share on 13 March 2018 to HK$0.75 per Share on 3 January 2019, representing a decrease of approximately 45.3%. We observed that such decrease was generally in line with the downward trend of the Hang Seng Index during the same period;

— the closing price of the Shares increased from HK$0.75 per Share on 3 January 2019 to HK$1.31 per Share on 5 June 2019, representing an increase of approximately 74.7%. We observed that such increase was generally in line with the upward trend of the Hang Seng Index during the same period; and

— The closing price of the Shares increased from HK$1.31 per Share on 5 June 2019 to HK$1.57 per share as at the Latest Practicable Date, representing an increase of approximately 19.8%. Such increase may be caused by the improved performance of our Group's business as reflected in the annual results announcement for the year ended 31 March 2019 published on 5 June 2019, first quarterly results announcement for the three months ended 30 June 2019 published on 7 August 2019 and the interim results announcement for the six months ended 30 September 2019 published on 6 November 2019. The net profit of our Group increased from approximately HK$9.7 million for the year ended 31 March 2018 to approximately HK$38.3 million for the year ended 31 March 2019, representing an increase of approximately 295.4%. The net profit of our Group increased from approximately HK$4.5 million for the three months ended 30 June 2018 to approximately HK$7.4 million for the three months ended 30 June 2019, representing an increase of approximately 65.2%. The net profit of our Group decreased from approximately HK$17.2 million for the six months ended 30 September 2018 to approximately HK$15.8 million for the six months ended 30 September 2019, representing a decrease of approximately 8.2%. Excluding expenses incurred in connection with the Transfer of Listing, the adjusted net profit of our Group for the six months ended 30 September 2019 was HK$26.1 million, representing an increase of approximately 51.8% as compared to the corresponding period in 2018.

Trading volume

Our Group recorded the highest average daily trading volume of approximately 15.3 million Shares in February 2018, representing 4.1% of the total number of our Shares. Our Group recorded the lowest average daily trading volume of approximately 0.5 million Shares in October 2019, representing 0.1% of the total number of our Shares. The average daily trading volume of our Shares since the GEM Listing Date and up to the Latest Practicable Date amounted to approximately 1.5 million Shares, representing 0.4% of the total number of our Shares.

In this listing document, unless the context otherwise requires, the following expressions have the following meanings:

"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on 23 January 2018 and effective on the GEM Listing Date as amended, modified or supplemented from time to time, a summary of which is set out in Appendix III to this listing document
"associate(s)"	has the meaning ascribed to it under the Main Board Listing Rules
"Board"	the board of Directors of our Company
"Buildings Department"	the Buildings Department of the Hong Kong Government
"Buildings Ordinance"	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended, modified or supplemented from time to time
"business day"	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"Chun Wo"	Chun Wo Construction & Engineering Co., Limited and Chun Wo Building Construction Limited
"close associate(s)"	has the meaning ascribed to it under the Main Board Listing Rules
"Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, modified or supplemented from time to time
"Companies Ordinance'	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified or supplemented 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, modified or supplemented from time to time
"Company" or "our Company"	Gain Plus Holdings Limited (德益控股有限公司), a company incorporated as an exempted company with limited liability in the Cayman Islands on 4 July 2017, registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 August 2017, the Shares of which have been listed on GEM from 13 February 2018 to 27 December 2019 and will be listed on the Main Board starting from 30 December 2019
"Concert Parties Confirmatory Deed"	the confirmatory deed dated 9 August 2017, entered into by our ultimate Controlling Shareholders, namely Mr. CK Tsang and Mr. MP Tsang to acknowledge and confirm, among others, that they are parties acting in concert in relation to our Group, details of which are set out in the paragraph headed "History and Corporate Structure — Parties acting in concert" in this listing document
"connected person(s)"	has the meaning ascribed to it under the Main Board Listing Rules
"Construction Industry Council"	a statutory body corporate established under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong)
"Controlling Shareholders"	has the meaning ascribed to it under the Main Board Listing Rules and unless the context otherwise requires, means Universe King, Great Star, Mr. CK Tsang and Mr. MP Tsang
"core connected person(s)"	has the meaning ascribed to it under the Main Board Listing Rules
"Deed of Indemnity"	the deed of indemnity dated 23 January 2018 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries)
"Deed of Non-Competition"	the deed of non-competition dated 16 December 2019 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries) as further detailed in the paragraph headed "Relationship with Controlling Shareholders — Deed of non-competition" in this listing document

"Director(s)"	the director(s) of our Company
"Double Gain"	Double Gain Engineering Limited (均增工程有限公司), a company which was incorporated in Hong Kong with limited liability on 15 December 2004 and has become an indirect wholly-owned subsidiary of our Company on 23 January 2018
"Electrical and Mechanical Services Department"	the Electrical and Mechanical Services Department of the Hong Kong Government
"Frost & Sullivan"	Frost & Sullivan Limited, an independent market research agency
"F&S Report"	an independent research report commissioned by our Company and prepared by Frost & Sullivan, contents of which are summarised in the section headed "Industry Overview" in this listing document
"GEM"	the GEM operated by the Stock Exchange
"GEM Listing Date" or "date of Listing on GEM"	13 February 2018, being the date on which dealings in our Shares first commenced on GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited, as amended, modified or supplemented from time to time
"GEM Prospectus"	the prospectus issued by our Company dated 30 January 2018 for the GEM Share Offer and Listing on GEM
"GEM Share Offer"	the issue and offer of the Shares for subscription by public and placing of the Shares by the placing underwriters on behalf of our Company at the offer price of HK$0.80 per Share for Listing on GEM
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended, modified or supplemented from time to time and where the context so permits, shall include the CCASS Operational Procedures
"Giant Winchain"	Giant Winchain Limited, a company incorporated in the BVI with limited liability on 18 January 2016, all the issued shares of which are held by Mr. Lai

"Great Star"	Great Star Investment Group Limited (鼎星投資集團有限公司), a company incorporated in the BVI with limited liability on 24 April 2017, all the issued shares of which are held by Mr. MP Tsang
"Group", "we", "our", "us" or "our Group"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period before our Company became the holding company of its present subsidiaries
"HIBOR"	Hong Kong Interbank Offered Rate
"HKAS"	the Hong Kong Accounting Standards issued by the HKICPA
"HKFRSs"	the Hong Kong Financial Reporting Standards issued by the HKICPA
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited
"Hong Kong Government"	the Government of Hong Kong
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Main Board Listing Rules) any Directors, chief executive or substantial shareholders of our Company, its subsidiaries or any of their respective associates and not otherwise a connected person of our Company
"Latest Practicable Date"	13 December 2019, being the latest practicable date for the purposes of ascertaining certain information in this listing document prior to its publication
"Legal Counsel"	Ms. Kennis Tai, barrister-at-law in Hong Kong and an Independent Third Party

"Listing on GEM"	the listing of our Shares on GEM
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Division"	the Listing Division of the Stock Exchange
"Main Board"	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with GEM
"Main Board Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, modified or supplemented from time to time
"MPF"	the mandatory provident fund under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company conditionally adopted on 23 January 2018 and effective on the GEM Listing Date as amended, modified or supplemented from time to time
"Mr. CK Tsang"	Mr. Tsang Chiu Kwan, our executive Director, chairman of our Board and one of our Controlling Shareholders
"Mr. Lai"	Mr. Lai Wai Lam Ricky, an ultimate shareholder of our Company
"Mr. MP Tsang"	Mr. Tsang Man Ping, our executive Director, chief executive officer and one of our Controlling Shareholders
"Nation Max"	Nation Max Holdings Limited (興邦控股有限公司), a company which was incorporated in the BVI with limited liability on 16 May 2017 and has become a direct wholly-owned subsidiary of our Company on 23 January 2018
"NT"	the New Territories of Hong Kong
"Pacific Extend"	Pacific Extend Limited, Shui On Building Contractors Ltd and Shui On Investment Company Limited
"PRC" or "China"	the People's Republic of China, which, for the purpose of this listing document, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan

"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and the Companies (Miscellaneous Provisions) Ordinance
"SFC" or "Securities and Futures Commission"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified or supplemented from time to time
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of our Company, which are traded in HK dollars, listed on GEM from 13 February 2018 to 27 December 2019 and to be listed on the Main Board since 30 December 2019
"Shareholder(s)"	holder(s) of our Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 23 January 2018 and as amended by resolutions of our Board of 16 December 2019 which shall remain valid and effective following the Transfer of Listing and will be implemented in full compliance with Chapter 17 of the Main Board Listing Rules, the principal terms of which are summarised in the paragraph headed "D. Share Option Scheme" in Appendix IV to this listing document
"Sole Sponsor"	Ample Capital Limited, a corporation licenced to carry out licensed corporation under the SFO to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Main Board Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Main Board Listing Rules
"Supplemental Deed of Indemnity"	the supplemental deed of indemnity dated 16 December 2019 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries) as further detailed in the paragraph headed "E. Other information — 1. Tax and other indemnities" in Appendix IV to this listing document

"Takeovers Code"	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, modified and supplemented from time to time
"Track Record Period"	the three financial years ended 31 March 2019 and the four months ended 31 July 2019
"Transfer of Listing"	the proposed transfer of listing of the Shares from GEM to the Main Board pursuant to Chapter 9A of the Main Board Listing Rules
"United States" or "U.S."	the United States of America
"Universe King"	Universe King International Investment Limited (廣宇國際投資有限公司), a company incorporated in the BVI with limited liability on 25 April 2017, all the issued shares of which are held by Mr. CK Tsang
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$"	United States dollars, the lawful currency of the United States
"Wealth-In"	Wealth-In International Development Limited (富進國際發展有限公司), a company incorporated in the BVI with limited liability on 15 March 2017, all the issued shares of which are held by Mr. Wong Tik Kwai, an Independent Third Party who is a pre-IPO investor of our Company prior to the GEM Share Offer
"%"	per cent

Certain amounts and percentage figures included in this listing document 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.

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

This glossary contains explanations of certain terms used in this listing document in connection with our Company and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"awarded contract sum"	the original contract sum stated in the letter of acceptance, original tender documents or contract (as applicable), without taking into account any optional items, adjustments due to variation orders and prolongation of the project period
"CAGR"	compounded annual growth rate
"E&M works"	electrical and mechanical works
"private sector project(s)"	construction project(s) that are not public sector project(s)
"project period"	generally refers to the period from the date of the invoice of the first interim payment or purchase order or the date on the commencement letter (as applicable) to the date of completion of our works stipulated on the practical completion certificates or the end date as stipulated on the contract or the date on the last invoice of interim payment or purchase order (as applicable)
"public sector project(s)"	construction project(s) originated from the Hong Kong Government, quasi-government entities, charitable organisations and non-private educational institutions
"Registered Electrical Contractor(s)"	an individual or a corporate which is registered as an electrical contractor under the Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong)
"Registered Minor Works Contractor(s)"	a contractor whose name is entered into the register of minor works contractors, being kept by the Buildings Department
"Registered Specialist Trade Contractors Scheme"	Registered Specialist Trade Contractors Scheme of Construction Industry Council
"RMAA"	repair, maintenance, alteration and addition
"Subcontractor Registration Scheme"	Subcontractor Registration Scheme of Construction Industry Council
"variation orders"	order(s) issued by our customers alternating the original scope of work in the form of addition, substitution or omission from the original scope of works

This listing document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in "Risk Factors", which may cause our actual results, performance or achievements to be materially different from the performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business prospects;
- our business and operating strategies and its ability to implement such strategies;
- our operations and business prospects, including development plans for its existing and/or new businesses;
- our ability to further development and manage our projects as planned;
- our ability to reduce costs;
- the amount and nature of, and potential for, future development of our business;
- future developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our dividend policy;
- the regulatory environment in terms of changes in laws and government regulations, policies and approval processes in the regions where we develop or manage our projects; and
- the actions and developments of our competitors;
- capital market developments; and
- all other risks and uncertainties described in the section headed "Risk Factors" in this listing document.

The words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "plan," "seek,", "should", "ought to", "will," "would" and the negative of these terms and other similar expressions, as they relate to our Group, are intended to identify a number of these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategy and the environment in which it will operate. They reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this listing document, and are not a guarantee of future performance.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this listing document, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialise, or should underlying assumptions prove to be incorrect, our financial condition 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. All forward-looking statements contained in this listing document are qualified by reference to the cautionary statements set out in this section.

In this listing document, statements of or references to our intentions or those of any of our Directors are made as of the date of this listing document. Any such intentions may change in light of future developments.

You should carefully consider all of the information in this listing document including the risks and uncertainties described below before making an investment in the Shares. The business, financial condition or results of operations of our Group could be materially adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our revenue is mainly derived from projects which are not recurrent in nature and there is no guarantee that our customers will provide us with new businesses or that we will be able to obtain new business after completion of our projects

Our revenue is typically derived from projects which are non-recurrent in nature. During the Track Record Period, we secured new businesses mainly through direct invitation to tender or request for quotation by potential customers.

We generally enter into contract with our customers on a project-by-project basis with contract period of three years during the Track Record Period and do not enter into long-term agreements with our customers and our customers are therefore under no obligation to award new projects to us. As such, there is no guarantee that we will be able to secure new businesses from our existing customers. In addition, there is no guarantee that we will be able to obtain new business when projects in our backlog are completed. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business.

We had a concentration of customers during the Track Record Period

We generated a significant portion of our revenue from a small number of customers during the Track Record Period. During the Track Record Period, our five largest customers accounted for approximately 93.0%, 97.0%, 98.6% and 99.7% of our revenue, respectively, while our largest customer during the same period accounted for approximately 54.9%, 41.0%, 42.5% and 49.7% of our revenue, respectively. These major customers may continue to account for similar or even higher proportion of our revenue in the future. Please refer to the paragraph headed "Business — Customer concentration" of this listing document for further details.

In light of the above, we face the risks associated with having a concentration of customers in the future. Furthermore, we do not enter into long-term contracts with our major customers. Upon completion of our contracts on hand with these major customers, if our Group is unable to secure new contracts or has not commenced work for any of our new contracts, our revenue and profitability may be adversely affected. There is no assurance that any of our major customers will continue to engage us as they do currently, or engage us at the same contracting rate or with the same terms. If there is any deterioration in our major customer's businesses, the projects awarded to us may also decline correspondingly.

If any of our major customers reduces the projects awarded to us significantly or ceases its business relationship with us, we cannot assure that we would be able to find new customers who will engage us on comparable terms, or at all, in which case our business, operating results and financial condition may be materially and adversely affected. In the event of defaulting payments by any of our major customers, we may be unable to recover significant amounts of receivables and thus our cash flows, business and financial position could be adversely affected.

Our past revenue and profit margin may not be indicative of our future revenue and profit margin and we are reliant on the availability of public sector projects and private sector projects in the construction industry in Hong Kong

For the years ended 31 March 2017, 2018, 2019 and the four months ended 31 July 2019, our revenue amounted to approximately HK$430.5 million, HK$527.1 million, HK$878.8 million and HK$305.4 million, respectively; our gross profit amounted to approximately HK$32.0 million, HK$41.9 million, HK$62.3 million and HK$22.2 million, respectively; representing gross profit margin of approximately 7.4%, 8.0%, 7.1% and 7.3%, respectively; and our profit and total comprehensive income for the year amounted to approximately HK$23.6 million, HK$9.7 million, HK$38.3 million and HK$4.7 million respectively.

However, such trend of historical financial information of our Group is a mere analysis of our past performance and does not have any positive implication or may not necessarily reflect our financial performance in the future which will depend on our capability to control our costs and to secure new businesses which will be affected by various factors, including but not limited to the general economic conditions in Hong Kong. For instance, an economic downturn in Hong Kong, an outbreak of epidemic disease, and/or adverse government policies on the property market in Hong Kong may lead to significant decline in the number of construction projects. Profit margin for our construction services may fluctuate from job to job due to factors such as the type of machineries deployed and the amount of labour resources required. Therefore, there is no assurance that our profit margin in the future will remain at a level comparable to those recorded during the Track Record Period. Our financial condition may be adversely affected by any decrease in our profit margin.

Our results of operations are affected by the number and availability of public sector projects and private sector projects in construction industry in Hong Kong, which in turn are affected by various factors, including but not limited to the general economic conditions in Hong Kong, changes in government policies relating to the Hong Kong property markets and the general conditions of the property markets in Hong Kong. For instance, government spending on and the number of public sector projects may be affected by factors such as government budgets and town planning. In the event that the availability of construction projects decreases in Hong Kong, our businesses and results of operations may be adversely and materially affected.

Our pricing is subject to competition from our competitors and there is no assurance that we will succeed in the tender process to maintain our historical success rates

Our major contracts are generally obtained through the tender process. We generally set our tender and/or quotation price based on the estimated costs to be incurred plus a certain mark-up margin. If we set a significant mark-up margin in our pricing, our quotation or tender may become uncompetitive. There is no assurance that we will always be able to price our tender competitively, and if we fail to do so, our customers may opt for our competitors, thereby resulting in a decrease in the number of projects awarded to us.

Our success rates for tendered projects were approximately 37.5%, 25.0% and 40.0% for the years ended 31 March 2017, 2018 and 2019 respectively. For the four months ended 31 July 2019, we have submitted tender for one project which is pending for result as at the Latest Practicable Date. Subsequent to the Track Record Period and up to the Latest Practicable Date, we have submitted three tenders with aggregate contract sum of approximately HK$372.1 million. As at the Latest Practicable Date, such tenders are pending for results. However, our contracts were awarded on a project-by-project basis. As such, there is no guarantee that we will be able to maintain the tender success rate. In addition, historically our Directors would respond to tender invitations or quotations requests by submitting tenders or providing quotations irrespective of the likelihood of being awarded the projects as long as the projects match our scope of services. Our historical success rates may not be reflective of our chance of success in submitting tender and providing quotation in the future.

Cancellation, suspension or delay in the commencement of public sector projects, which may be caused by factors such as political disagreements in relation to such projects, delay in approval of funding proposals due to political objections or legal actions by the affected members of the public, may adversely affect our financial position and results of operation

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, public sector projects in Hong Kong contributed revenue of approximately HK$409.2 million, HK$525.8 million, HK$876.8 million and HK$304.5 million respectively, representing approximately 95.0%, 99.8%, 99.8% and 99.7% of the total revenue of the Group. The cancellation or delay in commencement of public sector projects may result in decrease in number of public sector projects awarded to us, whereas the suspension of public sector projects may cause disruption to the progress of our on going public sector projects. In either case, the demand for our services would be adversely affected.

Cancellation, suspension or delay in the commencement of public sector projects may be caused by, among other things, political disagreements in relation to such projects, delay in approval of the funding proposals for public sector works due to political objections by law-makers and/or protests or legal actions by affected individuals or entities. Our engagements in public sector projects depend on the timing of the funding approval by the committees of the Legislative Council of Hong Kong in which delays in the passing of public sector works funding proposals have occurred in recent years.

The cancellation, suspension or delay in the commencement of public sector projects may affect our results of operation if we are not able to secure new businesses from private sector projects at the same or similar level to offset the potential decrease in revenue derived from public sector projects. In addition, the uncertainty on the commencement of the relevant public sector projects also make it more difficult for us to make accurate planning for the demand, deployment of our machineries and labour resources, which may adversely affect our operations and financial performance.

Our business is subject to the risk of cost overrun, project extension or delay and customers' delay or default payment, which may adversely affect our liquidity and financial position

In pricing a tender or quotation, we are required to estimate the project costs based on various factors such as (i) the estimated number and types of workers required; (ii) the difficulties of the works involved; (iii) the estimated number and types of machines required; (iv) the availability of our manpower and resources; (v) the completion time requested by customers; (vi) material costs; (vii) the need for subcontracting; (viii) the overall cost in undertaking the project; (ix) the historical prices offered to the customer; and (x) the prevailing market conditions. Any deviation between the estimated cost by the time we submit the tenders or quotations and the actual costs to complete the projects may adversely affect our financial performance and profitability. For instance, if the actual progress of a project was slower than we anticipated, or if there is any delay or extension in the project schedule of our customers, we may have to engage subcontractors and/or lease the required machineries for a longer period, and hence the amounts of subcontracting fees or machinery rental cost incurred may exceed our estimation. In addition, the actual amount of work and costs involved in completing a project may also be adversely affected by numerous factors including adverse weather conditions, accidents, breakdown of machinery and equipment, unforeseen site conditions such as limited spaces that hindered the use of certain machinery and other unforeseen circumstances. Any material and inaccurate estimation of the work and costs involved in a project may adversely affect our profit margin and results of operations. There is no assurance that we would not experience cost overrun and project extension or delay, which may in turn adversely affect our profit margin and operating results.

In addition, our business operations are affected by adverse weather conditions. If adverse weather conditions persist or natural disaster occurs, we may be prevented from performing works at our construction sites, and we thereby fail to meet specified time schedule. If we have to halt operations during adverse weather conditions or natural disaster, we may continue to incur operating expenses even while we experience reduced revenues and profitability. Besides, our business is subject to outbreak of severe communicable diseases (such as swine flu, avian flu, severe respiratory syndrome and Ebola virus disease), natural disasters or other acts of God which are beyond our control. These incidents may also adversely affect the economy, infrastructure, livelihood and society in Hong Kong. Acts of wars and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our operations and destroy our works performed. If any such incident occurs, our revenue, costs, financial conditions and growth potentials will be adversely affected. It is also difficult to predict the potential effect of these incidents and their materiality to our business as well as those of our customers, suppliers and subcontractors.

We generally prepare payment application which sets out the amount and corresponding value of work performed by our Group to apply for progress payment from our customers. In addition, our customers may also hold retention monies from the progress payment. During the Track Record Period, our customers are mainly main contractors and some of them may be subject to credit risks of their customers and financial risks of inaccurate budgeting in their projects, or the projects being delayed or terminated. As a result, our Group may encounter difficulties in collecting payments from those customers who are having financial difficulties or delayed projects. During the Track Record Period, our trade receivables turnover days were approximately 24.4 days, 31.0 days, 27.8 days and 29.9 days for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively. Please refer to the paragraph headed "Financial Information — Trade and other receivables" in this listing document for further details. There is no assurance that our customers in the future will not subsequently default in, or delay, their payment obligations. In the event that our Group's customers default in all or a substantial portion of their payment obligations to our Group, our Group's financial condition may be materially and adversely affected.

We may not be able to recover the contract assets in full

Our Group normally submits payment applications to our customers on a monthly basis in accordance with the value of work which may include variation works, if any. The level of contract assets as at a given reporting date is mainly affected by the duration between our submission of progress payment applications and receipt of progress certificates from our customers. The billing and payment certification for variation orders would normally take longer as they are usually subject to a process of negotiation. Upon application of HKFRS 15 on 1 April 2018, amounts due from customers for contract work were reclassified to contract assets. Contract assets represent our right to consideration in exchange for goods or services that our Group has transferred to a customer that is not yet unconditional.

Our contract assets increased by approximately HK$53.2 million from approximately HK$87.2 million as at 31 March 2019 to approximately HK$140.4 million as at 31 July 2019. As at 31 October 2019, approximately HK$92.9 million, or 66.2%, of the contract assets as at 31 July 2019 was subsequently settled. Please refer to the paragraphs headed "Financial Information — Amounts due from/(to) customers for contract work, contract assets and contract liabilities" and "Financial Information — Selected items of combined statements of financial position — Contracts assets/ contract liabilities" in this listing document for further details.

There is no assurance that we will be able to bill and receive the amounts due from contract customers or contract assets in full as we may not be able to reach an agreement with our customers on the value of our work done. If we are not able to do so, our results of operation, liquidity and financial position may be adversely affected.

Increases in construction material costs, shortage or delay of delivery of certain construction materials and substandard construction materials may have an adverse impact on our financial results

Material costs represent a significant portion of our cost of services. During the Track Record Period, materials costs amounted to approximately HK$60.7 million, HK$61.3 million, HK$92.3 million and HK$38.1 million, respectively, representing approximately 15.2%, 12.6%, 11.3% and 13.5% of our cost of services, respectively. We generally prepare tender proposals and quotation based on our estimated project costs in accordance with the tender documents or quotation requests provided to us. However, the actual material costs will not be determined, until after we have entered into agreements with our suppliers. Accordingly, any material fluctuations in the materials costs between the time we submit the tender or provide the quotation and the time we make order for materials may affect our profitability.

Furthermore, we cannot ensure that the quality of construction materials supplied to us will meet our required standards and the delivery of construction materials will meet our timeline for reasons which are beyond our control, and we may be forced to obtain replacement of these construction materials from other suppliers at additional costs or be exposed to the risk of failing to complete our projects on time. According to the F&S Report, the material cost in the construction market in Hong Kong is expected to increase in the coming years. If we are unable to complete our projects on time, we may be liable to pay damages to our customers. Also, we cannot guarantee that the supply and the cost of construction materials will be stable. If we are unable to factor in these potential cost fluctuations into our tenders and pass on part or the whole of such increases to our customers or reduce other costs, our financial results and position may be materially and negatively affected.

Labour shortages or increases in labour costs could harm our business, reduce our profitability and slow our growth

Experienced professional staff and other labour are important for the operation of our businesses, and therefore, our success depends in part on our ability to attract, retain and motivate a sufficient number of qualified engineers, construction workers and the engagement of subcontractors for certain labour-intensive works. Qualified individuals in the relevant industries are in short supply and competition for workers is intense.

The salary level of construction workers in Hong Kong has been increasing in the past several years. According to the F&S Report, the median monthly wage of workers in the construction industry in Hong Kong is also expected to continue to increase at a CAGR of 4.1% from 2018 to 2023. Most of our revenues are generated from agreements with terms over one year, and we may fail to anticipate or may be unable to transfer the full effect of the increase in labour cost to our customers.

We may also not be able to increase our prices in order to pass these increased labour costs on to our customers for contracts without price adjustments, in which case our business and results of operations would be negatively affected.

Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our operation and profitability

In line with the usual practice of the construction industry in Hong Kong, we do not maintain a large workforce of skilled labour in different specialised areas and semi-skilled labour. To maximise our cost efficiency and flexibility, and to utilise the expertise of other properly qualified specialist contractors, we engage third party subcontractors to perform a portion of the works under our contracts. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our subcontracting costs amounted to approximately HK$236.6 million, HK$303.4 million, HK$545.8 million and HK$180.9 million, respectively, representing approximately 59.4%, 62.5%, 66.9% and 63.9% of our cost of services, respectively. During the Track Record Period, our five largest subcontractors accounted for approximately 24.5%, 24.5%, 28.8% and 27.5% of our total cost of services, respectively.

Sometimes, we may not be able to monitor the performance of these subcontractors as directly and efficiently as with our own staff. In addition, our inability to hire qualified subcontractors could hinder our ability to complete a project successfully.

Outsourcing exposes us to risks associated with non-performance, delayed performance or substandard performance by our subcontractors. Accordingly, we may experience deterioration in the quality or delivery of our projects. We may also incur additional costs due to the delays or a higher price in sourcing the services, equipment or supplies in default. We may be liable for our subcontractor's performance. These events may have impact upon our profitability, financial performance and reputation, as well as result in litigation or damage claims.

Our subcontractors may be exposed to charges in relation to violation of safety, environmental and/or employment laws and regulations which may affect their renewal of relevant licence or may even lead to revocation of their licences. If this happens in our projects, we will have to appoint another subcontractor(s) for replacement and thus additional costs may be incurred.

In addition, there is no assurance that our Group will always be able to secure suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In such event, our operation and financial position may be adversely affected.

We recorded a net operating cash outflow for the year ended 31 March 2018 and the four months ended 31 July 2019 and there is no assurance that we will not have net cash outflow in the future

For the year ended 31 March 2018 and the four months ended 31 July 2019, our net cash used in operating activities amounted to approximately HK$23.1 million and HK$47.3 million respectively. The net cash outflow for the year 31 March 2018 was primarily due to (i) the decrease in profit before taxation for the year ended 31 March 2018 of approximately HK$13.2 million as a result of the non-recurring listing expenses of approximately HK$15.6 million; (ii) increase in amounts due from customers for contract work of approximately HK$41.3 million primarily attributable to projects A3, A7 and A8; and (iii) the increase in trade and other receivables of approximately HK$43.2 million primarily attributable to progress billings of project A2 and A4; and partially offset by increase in trade and other payables of approximately HK$41.0 million. The net cash outflow for the four months ended 31 July 2019 was primarily attributable to (i) the decrease in profit before taxation to approximately HK$7.7 million as a result of the non-recurring listing expenses of approximately HK$10.2 million; (ii) the decrease in trade and other receivables of approximately HK$8.9 million primarily attributable to settlement of progress billings of project A6 and A9; (iii) decrease in contract liabilities of approximately HK$23.5 million primarily attributable to decrease in advances from customers of construction contracts for project A4 and A6; (iv) increase in trade and other payables of approximately HK$12.4 million primarily attributable to increase of subcontracting and material costs payable for project A5 and A8; and (v) increase in contract assets of approximately HK$54.1 million primarily attributable to increase in unbilled revenue of construction contracts for project A3, A5, A6 and A7. For details, please refer to the paragraph headed "Financial Information — Cash flows — Net cash generated from (used in) operating activities" in this listing document.

The fluctuation in our operating cashflow over the Track Record Period was resulted from a number of business activities of our Group such as changes in trade and other receivables to our customers and the changes in trade and other payables to our subcontractors and suppliers. We cannot guarantee that prospective business activities of our Group and/or other matter beyond our control (such as market competition and changes to the macroeconomic environment) will not adversely affect our operating cashflow and lead to net operating cash outflows in the future.

If we have a net operating cash outflow in the future, we may not have sufficient working capital to cover our operating costs, and our business, financial position and results of operations may be materially and adversely affected.

Our Group's success significantly depends on our Directors, our senior management team and certain key personnel and our ability to attract and retain additional technical and management staff

Our Group's success depends on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Further, our continued growth is also subject to a number of factors, one of which is the contribution by our key personnel. Our executive Directors are particularly important to us, with Mr. CK Tsang and Mr. MP Tsang possessing over 17 years and 23 years of experience respectively in the construction industry. Further information about their experience is set out in the section headed "Directors, Senior Management and Employees" in this listing document. If any of our executive Directors or senior management members ceases to be involved in the management of our Group in the future and our Group is unable to find suitable replacement in a timely manner, there could be an adverse impact on the business, results of operations and profitability of our Group.

Personal injuries, property damages or fatal accidents may occur if safety measures are not followed at our construction sites

In the course of our operations, we require our employees to adhere to and implement all the safety measures and procedures as stipulated in the safety handbooks issued by Labour Department and Work Bureau. For details, please refer to the paragraph headed "Business — Occupational health and safety" in this listing document. We monitor and supervise our employees in the implementation of all such safety measures and procedures during execution of works. However, we cannot guarantee that our employees or those of our subcontractors will not violate applicable rules, laws or regulations. On 28 May 2019, we recorded an accident in the course of our provision of services which may give rise to potential personal injury claim and/or employees' compensation claim against our Group. Details of the incident is disclosed under the paragraph headed "Business — Litigation and claims — Potential claims against our Group" in this listing document. If any such employees fail to implement safety measures at our construction sites, personal injuries, property damage or fatal accidents may occur in greater number and/or to a serious extent. These may adversely affect the financial position of our Group to the extent not fully recoverable from our insurance policies. They may also cause our relevant qualifications or licences to be suspended or not renewed.

Industrial actions or strikes may affect our business

Typical construction works are divided into various disciplines, and each requires highly specialised labour. Industrial action of any one discipline may disrupt the progress of our RMAA services and building construction services. During the Track Record Period, our RMAA and building construction services projects did not encounter any industrial action or strike. However, there is no assurance that industrial actions or strikes will not be launched in the future. Such industrial actions or strikes may adversely impact our business performance and hence profitability and results of operation. Any delays in our construction works caused by such action may also be taken into consideration by the Hong Kong Government in assessing the performance of the main contractors which are our customers, and thus will have impact on us securing future tenders.

We are exposed to claims arising from latent defects liability

We do not maintain any defects liability insurance and we may face claims arising from latent defects that are existing but not yet active, developed or visible, found in the works which are constructed by us. If there is any significant claim against us for defects liability of any default or failure of our services by our customers or other party, our profitability may be adversely affected. If any defect is claimed under the defect liability period, the amount claimed by our customers or rectification costs on the defects incurred by us will be charged to profit or loss and deducted against the retention money withheld by our customers (i.e. retention receivable) when those costs are incurred. Our retention receivables amounted to approximately HK$4.6 million, HK$20.4 million, HK$6.3 million and HK$6.8 million (grouped under our contract assets) as at 31 March 2017, 2018, 2019 and 31 July 2019, respectively. If the defect is found and claimed by our customers after the defect liability period, we will assess the possible obligation arising from the claim. Such obligation will be recognised as liability in the statement of financial position if the obligation is considered highly probable and the obliged amount can be reliably measured. Otherwise, such claim will be disclosed as contingent liability.

Amendments to environmental regulations and guidelines and any non-compliance with statutory regulations may expose us to legal proceedings or unfavourable decrees that may result in liabilities

Our business is subject to the environmental regulations and guidelines issued by the Hong Kong Government, which apply to the operation of all construction projects in Hong Kong. Such regulations and guidelines may be amended by the Hong Kong Government from time to time to reflect the latest environmental needs. Any changes to such regulations and guidelines could impose additional cost and burden to us.

Non-compliance with the statutory regulations may lead us to be subjected to legal proceedings or unfavourable decrees that may result in liabilities. Our Group may also be involved in disputes, legal proceedings in relation to any act of negligence, error or omission committed by our employees and/or any delay in the completion of our projects. The occurrence of any of the above may have material adverse impact on our business prospects, as well as our financial and operational position.

Our business plans and strategies may not be successful or achieved within the expected time frame or within the estimated budget

We intend to further enhance our manpower in order to cope with the expected increase in demand for our services. However, our plans and strategies may be hindered by risks including but not limited to those mentioned elsewhere in this section. There is no assurance that we will be able to successfully maintain or increase our market share or grow our business successfully after deploying our management and financial resources. Any failure in maintaining our current market position or implementing our plans could materially and adversely affect our business, financial condition and results of operations.

We are exposed to certain types of liabilities that may not be fully covered by our insurance or generally not insured against and our insurance premium may increase from time to time

We have taken out insurance policies in line with industry practice, which are also generally required by our customers to cover our business operations. However, our insurance plans may not fully cover all the potential losses incurred from damages or liabilities in relation to our services provided. In addition, there are certain types of losses for which insurance coverage is not generally available on commercial terms acceptable to us, or at all. Examples of these include the insurance against losses suffered due to business interruptions, earthquakes, flooding or other natural disasters, wars, terrorist attacks or civil disorders, or losses or damages caused by industrial actions.

If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance covers, we may have to bear such losses, damages or liabilities ourselves. In such cases, our business operations and financial results may be adversely affected. Even if we have insurance policies, our insurers may not fully compensate us for all potential losses, damages or liabilities regarding our properties or our business operations.

We also cannot guarantee that the insurance premiums payable by us will not increase in future. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our total insurance expenses amounted to approximately HK$5.6 million, HK$4.3 million, HK$7.3 million and HK$2.0 million respectively. Any further increases in insurance costs (such as an increase in insurance premiums) or reductions in insurance coverage may materially and adversely affect our business operations and financial results.

Global and regional social, political, regulatory and economic conditions as well as trade policies could adversely affect our business, results of operation and financial condition

We may be affected by global and regional social, political, regulatory and economic conditions as well as possible trade policies changes due to the Sino-U.S. trade war. Our construction materials are usually delivered by our suppliers to our project sites directly for immediate consumption and we generally do not stock up any excess inventory of construction materials at our project sites. Therefore, fluctuations in material costs may have immediate effects on our profitability. Political and trade disputes and trade protectionism may result in imposition of trade barriers or restrictions, sanctions, boycotts or embargoes, new or increased tariffs that could lead to the increase in the cost of construction materials, which in turn may have an adverse impact on our profitability and financial position.

Moreover, the potential slowing economic growth attributed to the trade war may affect government budgets and town planning progress and affect the number of both public and private sector projects. Thus, our business, financial condition and results of operations may also be adversely affected.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our performance depends on market conditions and trends in the construction industry and in the overall economy

Our businesses and operations have been and is expected to continue to be located in Hong Kong. The future growth and level of profitability of the construction industry in Hong Kong depend primarily upon the continued availability of large construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors. These factors include, in particular, the Hong Kong Government's spending patterns on the construction industry and its land supply and public housing and public facilities policies, speed of approval of the relevant budgets and/or projects, the investment of property developers and the general conditions and prospects of the Hong Kong economy. They may affect the availability of construction projects from the public sector, private sector or institutional bodies. Apart from the public spending of the Hong Kong Government, other factors also affect the construction industry. These other factors include cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects in the private sector. If there is any recurrence of recession in Hong Kong, deflation or any changes in Hong Kong's currency policy, or if the demand for construction services in Hong Kong deteriorates, our operations and profitability could be adversely affected.

Competitive environment of the construction industry may adversely affect our business and financial position and prospects

The construction industry in Hong Kong has many participants and is competitive. We mainly compete with other RMAA and building construction services providers for new businesses. Some of the major market players have significantly more resources and are more well-positioned than us, including having long operating history, better financing capabilities and well developed, technical expertise. On the other hand, there may be new participants entering the industry provided that they have the appropriate skills, local experience, necessary machinery and equipment, capital and they are granted the requisite licences or approvals by the relevant regulatory bodies. Increased competition may result in lower operating margins and loss of market share, which may adversely affect our business and financial positions and prospects.

We need to maintain our qualifications and licences for the operation of our construction business

We are required to maintain operating qualifications and licences to conduct our construction business. Please refer to the paragraph headed "Business — Major qualifications, licences, certifications and compliance" in this listing document for further details. To maintain such qualifications and licences, we must comply with the regulations and conditions imposed by various Hong Kong Government departments. Please see the section headed "Regulatory Overview" in this listing document for additional information.

If we fail to comply with any of these regulations, our qualifications and licences could be temporarily suspended or even revoked, or the renewal of our qualifications and licences upon expiry may be delayed or refused. In such event, our capability to undertake relevant works may be directly impacted, and our turnover and profits may be adversely affected.

In addition, certain qualifications and/or licences may require our Company to maintain a minimum number of technical director and/or authorised signatory. There is no assurance that the existing authorised signatories or technical directors of our Company will not resign or otherwise cease to serve our Company in the future. In such event, if we are unable to locate suitable replacement of qualified personnel in a timely manner, we may not be able to maintain such qualification and/or licence, which will in turn have a material and adverse impact on our business, financial positions and prospect.

Construction litigation and disputes may adversely affect our performance

Owing to the nature of our business, we are exposed to the risks of getting into disputes with our customers, subcontractors, staff and other parties concerned with our projects of various reasons. Such disputes may be in connection with the delivery of substandard works, late completions of works, labour compensations or personal injuries in relation to the works.

Our management's attention and internal resources may be significantly diverted for the handling of such contractual disputes, litigations and other legal proceedings, which can be both costly and time consuming. Regardless of the merits of the case, these disputes may damage our relationship with the relevant customers, suppliers, subcontractors or staff, which may affect our reputation in the construction industry, thus adversely affect our business operations, financial results and profitability.

RISKS RELATING TO HONG KONG

The state of economy in Hong Kong

Our performance and financial conditions depend on the state of economy in Hong Kong. Our revenue attributable to the Hong Kong market accounted for all of our Group's total revenue during the Track Record Period. If there is a downturn in the economy of Hong Kong, our results of operations and financial position may be adversely affected. In addition to economic factors, social unrest or civil movements such as occupation activities may also affect the state of economy in Hong Kong and in such case, our Group's operations and financial position may also be adversely affected.

The state of political environment in 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, we are not in any position to guarantee the "one country, two systems" principle and the level of autonomy would be maintained as currently in place. Since our primary operations are substantially located in Hong Kong, any change of Hong Kong's existing political environment may affect the stability of the economy in Hong Kong, thereby affecting our results of operations and financial positions.

RISKS RELATING TO OUR SHARES

The Shareholders may experience dilution if we issue additional Shares in the future

Our Company may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

In addition, we may need to raise additional funds in the future to finance business expansion or new development and acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the shareholding of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the existing Shares.

Any disposal by our 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 our Controlling Shareholders will not dispose of their Shares in the future. Our Group cannot predict the effect, if any, of any future sales of the Shares by any of our Controlling Shareholders, or that the availability of the Shares for sale by any of our Controlling Shareholders may have on the market price of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

The Shareholders may experience difficulties in enforcing their shareholders' rights because our Company is incorporated in the Cayman Islands, and the protection to minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on protection of minorities is set out in the section headed "Summary of the constitution of our Company and Cayman Islands Company Law" in Appendix III to this listing document.

Future issues, offers or sale of Shares may adversely affect the prevailing market price of the Shares

Prevailing market price of Shares may be negatively impacted by future issue of Shares by our Company or the disposal of Shares by any of its Shareholders or the perception that such issue or sale may occur. We cannot give any assurance that they will not dispose of Shares they may own now or in the future.

RISKS RELATING TO STATEMENTS MADE IN THIS LISTING DOCUMENT

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

Certain facts, statistics and data presented in the section "Industry Overview" and elsewhere in this listing document relating to the industry in which we operate have been derived, in part, from various publications and industry-related sources prepared by government officials or independent third parties. In addition, certain information and statistics set forth in this listing document have been extracted from a market research report commissioned by us and prepared by Frost & Sullivan. Our Company believes that the sources of the information are appropriate sources for such information, and the Sole Sponsor and our Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this listing document. In addition, our 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 our Group, our Directors, the Sole Sponsor, nor any parties involved in the Transfer of Listing 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.

Our Group's future results could differ materially from those expressed or implied by the forward-looking statements

Included in this listing document are various forward-looking statements that are based on various assumptions. Our Group's 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 listing document.

Investors should read this entire listing document carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Transfer of Listing including, in particular, any financial projections, valuations or other forward looking statement

Prior to the publication of this listing document, there may be press or other media, which contains certain information referring to us and the Transfer of Listing that is not set out in this listing document. We wish to emphasise to the Shareholders and potential investors that neither we nor any of the Sole Sponsor, our directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the "**Professional Parties**") involved in the Transfer of Listing 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 us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make 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 listing document or is inconsistent or conflicts with the information contained in this listing document, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, the Shareholders and prospective investors should not rely on any such information in making your decision as to whether to purchase or sell the Shares. You should only rely on the information contained in this listing document.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS LISTING DOCUMENT

This listing document, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, (i) the information contained in this listing document is accurate and complete in all material respects and not misleading or deceptive; (ii) there are no other matters the omission of which would make any statement in this listing document misleading; and (iii) all opinions expressed in this listing document have been arrived at after due and careful consideration and are founded on bases and assumptions that are considered fair and reasonable.

INFORMATION ON THE TRANSFER OF LISTING

This listing document is published solely in connection with the Transfer of Listing. It may not be used for other purpose and, in particular, no person is authorised to use or reproduce this listing document or any part hereof in connection with any offering of Shares or securities of our Company. Accordingly, this listing document does not constitute an offer or invitation in any jurisdiction to acquire, subscribe for or purchase any of Shares or other securities of our Company nor is it calculated to invite any offer or invitation for any of the Shares or securities of our Company.

No person is authorised to give any information in connection with the Transfer of Listing or to make any representation not contained in this listing document, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, any of their respective directors, agents, employees or advisers or any other party involved in the Transfer of Listing.

APPLICATION FOR LISTING ON THE MAIN BOARD

Application has been made to the Listing Division for the listing of, and permission to deal in, on the Main Board, our Shares in issue and to be issued which may fall to be issued upon the exercise of the options that may be granted under the Share Option Scheme pursuant to the Transfer of Listing.

The share capital of our Company is currently listed on or dealt in on GEM.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors for our Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding of, purchasing of, disposal of or dealing in, our Shares or the exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, their respective directors, officers, employees, agents, affiliates or representatives of any of them or any other persons or parties involved in the Transfer of Listing accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, holding of, purchasing of, disposal of or dealing in, our Shares or the exercising their rights thereunder.

REGISTER OF MEMBERS AND STAMP DUTY

All our Shares are registered on the Hong Kong branch register of members of our Company in Hong Kong in order to enable them to be traded on the Main Board upon the Transfer of Listing. Only our Shares registered on the branch register of members maintained in Hong Kong may be traded on the Main Board upon the Transfer of Listing, unless the Stock Exchange otherwise agrees. Dealings in our Shares registered on the branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Unless determined otherwise by our Company, dividends payable in HK dollars in respect of our Shares will be paid by cheque sent at the Shareholder's risk to the registered address of each Shareholder or in the case of joint holders, the first named Shareholder.

SHARES WILL CONTINUE TO BE ACCEPTED AS ELIGIBLE SECURITIES BY HKSCC INTO CCASS

Our Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 13 February 2018, being the date on which dealings in our Shares first commenced on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, our Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in our Shares commence on the Main Board. 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.

If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional adviser.

COMMENCEMENT OF DEALINGS IN OUR SHARES ON THE MAIN BOARD

The last day of dealings in our Shares on GEM (stock code on GEM: 8522) will be Friday, 27 December 2019. Dealings in our Shares on the Main Board are expected to commence at 9:00 a.m. on Monday, 30 December 2019. The Shares will be traded on the Main Board under the new stock code 9900 following the Transfer of Listing.

ROUNDING

Certain amounts and percentage figures included in this listing document have been subject to rounding adjustments. As a result, any discrepancies in any table or chart set out in this listing document between totals and sums of individual amounts listed therein are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

LANGUAGE

If there is any inconsistency between this listing document and the Chinese translation of this listing document, this listing document shall prevail.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Tsang Chiu Kwan (曾昭群先生)	2/F No. 79 San Uk Ka Village Tai Po, the New Territories Hong Kong	Chinese
Mr. Tsang Man Ping (曾文兵先生)	G/F No. 337 Ma Tin Tsuen Yuen Long, the New Territories Hong Kong	Chinese
Mr. Lee Alexander Patrick (李明鴻先生)	Flat 14, G/F, Block D Villa Lotto, 18 Broadwood Road Happy Valley Hong Kong	Chinese
Independent non-executive Directors		
Mr. So Chun Man (蘇俊文先生)	Room A, 21/F King Tien Mansion, Taikoo Shing No. 18D Taikoo Shing Road Hong Kong	Chinese
Mr. Chen Yeung Tak (陳仰德先生)	Room A, 4/F Mayfair Gardens 10 Sau Chuk Yuen Road Kowloon Tong Hong Kong	Chinese
Ms. Li Amanda Ching Man (李靜文女士)	7/F, Block A Skyscraper 132–142 Tin Hau Temple Road Hong Kong	Canadian

For further information on the profile and background of our Directors, please refer to the section headed "Directors, Senior Management and Employees" in this listing document.

PARTIES INVOLVED IN THE TRANSFER OF LISTING

Sole Sponsor	**Ample Capital Limited** *A licensed corporation under the SFO to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities* Unit A, 14/F Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Legal advisers to the Company	*As to Hong Kong law* **Hastings & Co.** *Solicitors, Hong Kong* 5/F, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong **Ms. Kennis Tai** *Barrister-at-law, Hong Kong* 14th Floor, Tower One Lippo Centre, 89 Queensway Admiralty Hong Kong *As to Cayman Islands law* **Appleby** 2206–19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor	*As to Hong Kong law* **Sidley Austin** *Solicitors, Hong Kong* Level 39, Two International Finance Centre Central Hong Kong

Reporting accountants and auditors	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35/F, One Pacific Place 88 Queensway Hong Kong
Industry Consultant	**Frost & Sullivan Limited** Suite 1706, One Exchange Square 8 Connaught Place Central Hong Kong

Registered office	P.O. Box 1350, Clifton House 75 Fort Street, Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit 1323A, Level 13 Landmark North 39 Lung Sum Avenue Sheung Shui, the New Territories Hong Kong
Company website	**www.doublegain.hk** *(Note: information on this website does not form part of the listing document)*
Company secretary	Mr. Kwong Chun Ming Alex *(HKICPA)* Unit 1323A, Level 13 Landmark North 39 Lung Sum Avenue Sheung Shui, the New Territories Hong Kong
Authorised representatives	Mr. Tsang Chiu Kwan 2/F No. 79 San Uk Ka Village Tai Po, the New Territories Hong Kong Mr. Tsang Man Ping G/F No. 337 Ma Tin Tsuen Yuen Long, the New Territories Hong Kong
Compliance adviser	**Innovax Capital Limited** Room 2002, 20/F Chinachem Century Tower 178 Gloucester Road Wan Chai Hong Kong

Compliance officer	Mr. Tsang Chiu Kwan 2/F No. 79 San Uk Ka Village Tai Po, the New Territories Hong Kong
Audit Committee	Mr. Chen Yeung Tak *(Chairman)* Mr. So Chun Man Ms. Li Amanda Ching Man
Remuneration Committee	Mr. So Chun Man *(Chairman)* Mr. Chen Yeung Tak Ms. Li Amanda Ching Man
Nomination Committee	Ms. Li Amanda Ching Man *(Chairlady)* Mr. Chen Yeung Tak Mr. So Chun Man
Cayman Islands principal share registrar and transfer office	**Estera Trust (Cayman) Limited** P.O. Box 1350, Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong Branch Share Registrar and transfer office	**Tricor Investor Services Limited** Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banks	**DBS Bank (Hong Kong) Limited** 11th Floor, the Center 99 Queen's Road Central Hong Kong **Bank of China (Hong Kong) Limited** Bank of China Tower 1 Garden Road Hong Kong

The information and statistics set forth in this section and elsewhere in this listing document have been derived from an industry report, commissioned by us and independently prepared by Frost & Sullivan, in connection with the Transfer of Listing, or the F&S Report. In addition, certain information is based on, or derived or extracted from, among other sources, publications of government authorities and internal organisations, market data providers, communications with various Hong Kong Government agencies or other independent third-party sources unless otherwise indicated. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any fact has been omitted that would render such information and statistics false or misleading. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of the F&S Report which may qualify, contradict or adversely impact the quality of the information in this section. None of our Company, the Sole Sponsor or any other party involved in the Transfer of Listing or their respective directors, advisers and affiliates have independently verified such information and statistics and no representation has been given as to their accuracy. Accordingly, such information should not be unduly relied upon.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan to analyse and report on the current status of, and forecasts for, the selected industries in which we operate in Hong Kong. We agreed to pay Frost & Sullivan a fee of approximately HK$0.4 million for the preparation and use of the F&S Report. Unless otherwise indicated, market estimates or forecasts in this section represent Frost & Sullivan's view on the future development of the selected industries both in Hong Kong.

Established in 1961, Frost & Sullivan has conducted industry research and provided market and enterprise strategies, consultancy and training services for several industries, including building and construction, automobile, transportation and logistics, chemical engineering, energy and power systems, environmental protection technologies, electronics, information and telecommunication technologies, and medical and healthcare. In preparing the report, Frost & Sullivan has relied on the statistics and information obtained through primary and secondary research. Primary research includes interviewing industry insiders and recognised third-party industry associations, while secondary research includes reviewing corporate annual reports, databases of relevant official authorities, independent research reports and publications, as well as the exclusive database established by Frost & Sullivan over the past decades.

The forecasts were made by Frost & Sullivan based on the following assumptions:

- The social, economic and political conditions in Hong Kong currently discussed will remain stable during the forecast period; Hong Kong's economy is expected to maintain steady growth in the forecast period;

- Government policies on construction and RMAA industry in Hong Kong will remain unchanged during the forecast period;

- The RMAA market in Hong Kong will be continuously growing driven by increasing amount of old buildings, government's support on building maintenance and fast development of construction works; and

- The building construction market in Hong Kong will be continuously growing driven by stable economic growth, increase of public infrastructure expenditure and increasing supply of residential housing.

OVERVIEW OF CONSTRUCTION MARKET IN HONG KONG

Definition and classification of construction industry in Hong Kong

The construction industry mainly consists of RMAA and building construction services which are detailed as follows:

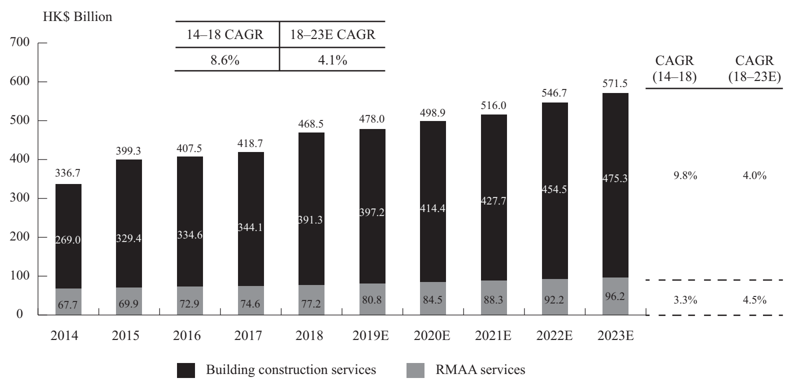
— RMAA services stand for repair, maintenance, alteration & addition works generally undertaken by main contractors and subcontractors, including decoration, repair and maintenance, and construction works at minor work locations, such as site investigation, demolition, structural alternation and additional works etc.

— Building construction services include civil works, building works and E&M works. Civil works refer to construction works performed by main contractors and subcontractors at construction sites by various end-use categories, including railways, roads, highways, bridges, airport, port works, water works, drainage, reclamation, excavation works, site formation, landscape, open spaces, sport grounds, other urban service facilities, service stations and plant, and other related construction projects. Building works refer to the construction works performed by main contractors and subcontractors at construction sites, including residential buildings, commercial buildings, industrial buildings and general superstructure erection. E&M works stand for electrical and mechanical works usually undertaken by contracting/subcontracting specialists. E&M works normally include design, engineering, supply, installation, testing, commissioning, operation and maintenance of air-conditioning and ventilation, fire service, plumbing and drainage, lighting, electricity and extra low voltage electricity system, etc.

The size of the Hong Kong construction market increased from HK$336.7 billion in 2014 to HK$468.5 billion in 2018, representing a CAGR of 8.6%. In 2018, the RMAA services market and the building construction services market accounted for 16.5% and 83.5% respectively of the total construction market size. The construction market size is expected to increase to HK$571.5 billion in 2023, representing a CAGR of 4.1% from 2018 to 2023.

The following chart shows the market size of the construction market in Hong Kong:

Market Size of Construction Market, Hong Kong, 2014–2023E



Note: The market size incorporates the revenue of both main contractors and subcontractors of the Hong Kong construction market.

Source: Census and Statistics Department of HKSAR, Frost & Sullivan

Drivers of construction market in Hong Kong

Strong demand for housing

The total population of Hong Kong residents is climbing at a stable pace as Hong Kong has introduced several plans to attract talents since 2015. In addition, the average household size has declined continuously, with more young people choosing to live separately with their parents or siblings after marriage, as indicated by rising proportion of one-person and one-couple households, leading to an increasing need for housing. Furthermore, with rising income and improvement in living standards, Hong Kong residents are demanding for a better living environment. This strong demand for construction of new buildings with modern facilities drives development of construction market.

Increasing expenditure on infrastructure and housing

The increasing expenditure on infrastructure and housing would drive the property development market. For instance, public construction projects such as Kai Tak Development have driven the growth of Hong Kong housing development market in the recent years. In the 2018 Hong Kong Policy Address, the government proposed Lantau Tomorrow Vision project, which will construct artificial islands with a total area of about 1,700 hectares by land reclamation, and will be supported by a new set of transport networks and infrastructures, It is estimated that 260,000 to 400,000 residential units will be built on the artificial islands. The annual cost of this project is estimated at HK$40 to 60 billion.

Increasing land supply

Land supply policies in Hong Kong were criticised for causing the problem of housing shortage and rising housing prices. According to the 2019–20 Land Sale Program, which is announced by Development Bureau of the Hong Kong Government about land supply and land sales arrangement in regards to market conditions, the total potential private housing land supply in 2019–20 is estimated to have a capacity to produce approximately 15,540 flats. The Hong Kong

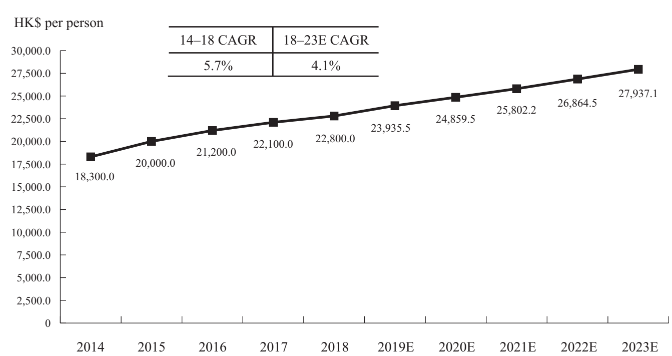
Government is firmly committed to sustaining a steady land supply through a multi-pronged approach to meet the housing and socio-economic development needs of the community, which will drive the construction market in the long term.

Labour costs in construction market in Hong Kong

The median monthly wage of workers in the construction industry in Hong Kong increased from HK$18,300.0 in 2014 to HK$22,800.0 in 2018. From 2018 to 2023, the median monthly wage of workers in construction industry in Hong Kong is estimated to maintain the stable increase. The median monthly wage of workers in the construction industry in Hong Kong is expected to reach HK$27,937.1 in 2023. The continuous increase of wages in construction industry in Hong Kong is mainly due to the lack of labour, leading to increases in the labour cost of construction related companies in Hong Kong. Labour shortages and the increase of labour cost will be major challenges for construction companies in Hong Kong.

The following chart shows the median monthly wage in construction market in Hong Kong:

Median Monthly Wage in Construction Market, Hong Kong, 2014–2023E



Source: Census and Statistics Department of HKSAR, Frost & Sullivan

Material costs in construction market in Hong Kong

Major materials in construction industry include steel, aluminium, wood, glass, etc. The average wholesale price of steel decreased from HK$5,470.0 per tonne in 2014 to HK$5,073.0 per tonne in 2015 and rose to HK$6,103.0 per tonne in 2018. The price is expected to rise to HK$6,938.1 per tonne in 2023. The average wholesale price of aluminum decreased from HK$26,712.8 per tonne in 2014 to HK$24,904.4 per tonne in 2016 and rose to HK$25,924.0 per tonne in 2018 and the price is estimated to be HK$32,142.4 per tonne in 2023. The average wholesale price of wood increased from HK$3,814.0 per cubic metre in 2014 to HK$4,654.0 per cubic metre in 2018 and the price is expected to rise to HK$5,224.6 per cubic metre in 2023. The average wholesale price of glass increased from HK$157.0 per square metre in 2014 to HK$161.0 per square metre in 2018. The price is expected to be HK$169.4 per square metre in 2023.

The following chart shows the costs of important materials in the construction market in Hong Kong:

Average Wholesale Price of Materials in Construction Market, Hong Kong, 2014–2023E

Material	Unit	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E	2023E	CAGR 14–18	CAGR 18–23E
Steel	HK$/tonne	5,470.0	5,073.0	5,675.0	5,880.0	6,103.0	6,164.6	6,349.5	6,539.0	6,736.3	6,938.1	2.8%	2.6%
Aluminum	HK$/tonne	26,712.8	25,727.7	24,904.4	26,839.9	25,924.0	26,442.8	27,764.4	29,153.3	30,611.4	32,142.4	–0.7%	4.4%
Wood	HK$/cubic metre	3,814.0	4,026.0	4,556.0	4,654.0	4,654.0	4,751.7	4,856.3	4,972.8	5,097.1	5,224.6	5.1%	2.3%
Glass	HK$/square metre	157.0	157.0	157.0	159.0	161.0	162.4	164.2	166.0	167.6	169.4	0.6%	1.0%

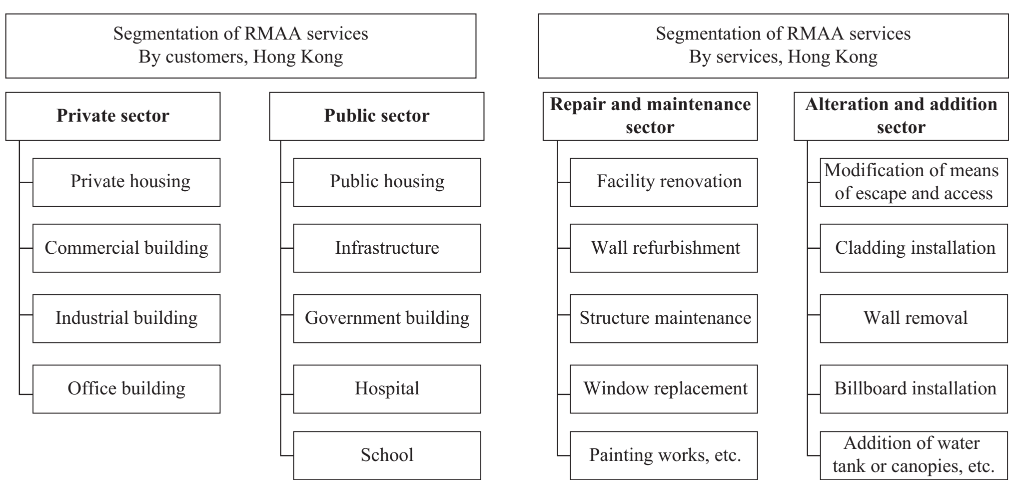
Note: Steel refers to mild steel round bars, 6mm to 20mm. Aluminium refers to aluminium structures and parts; Wood refers to sawn hardwood, 25mm thick plank. Glass refers to clear sheet glass, 5mm thick.

Source: Census and Statistics Department of HKSAR, Frost & Sullivan

OVERVIEW OF RMAA SERVICES MARKET IN HONG KONG

Definition and segmentation of RMAA services

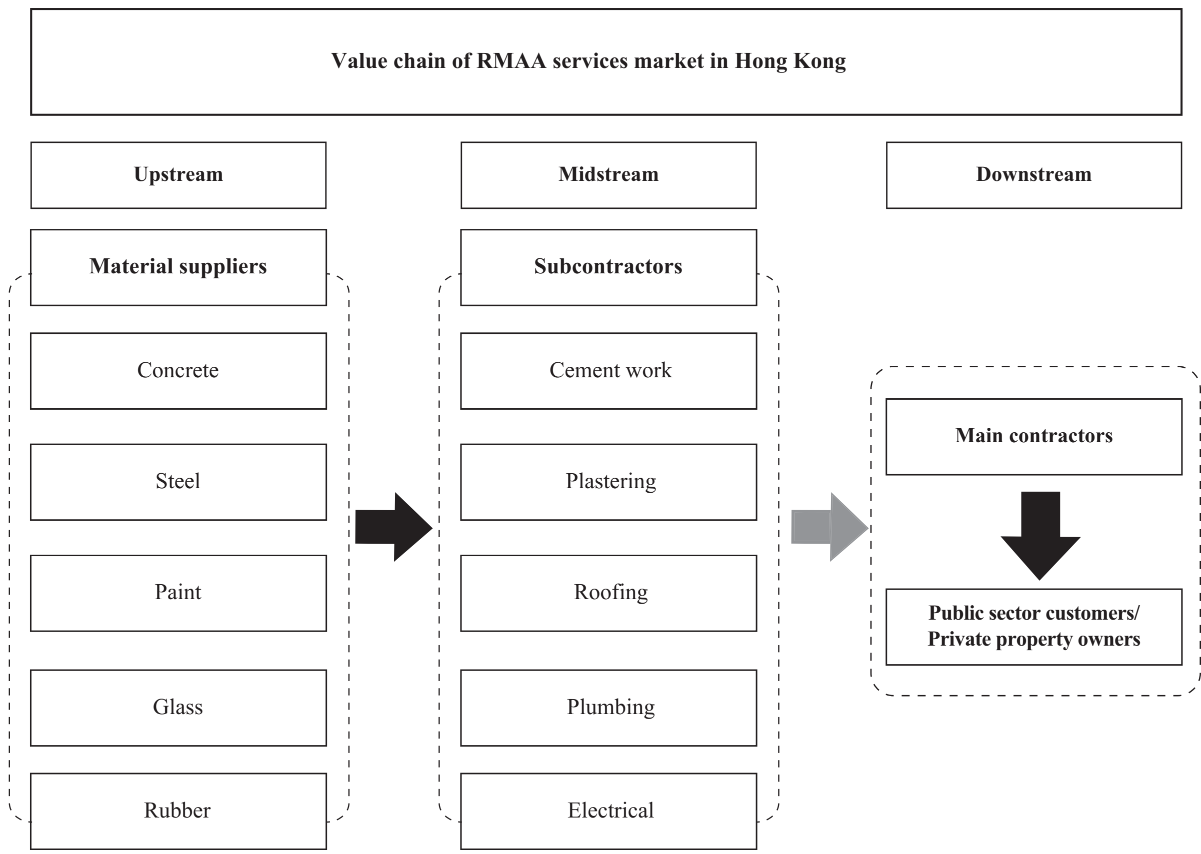
The customers of RMAA services are normally property owners, which could be divided into two groups: (i) public sector: the Hong Kong Government, quasi-government entities, charitable organisations and non-private educational institutions, etc.; and (ii) private sector: non-government and non-statutory bodies. Besides, the RMAA services in Hong Kong could also be divided into two segments by service type as follows:



Source: Frost & Sullivan

Industry value chain of RMAA services market in Hong Kong

In general, the value chain of RMAA services market in Hong Kong consists of material suppliers, subcontractors, main contractors, private property owners and public sector customers. The main contractors may bid or tender for projects from public sector customers or private property owners together with subcontractors or alone, and the main contractor may select subcontractors to fulfil part or whole of the projects by quotation, bid, tender or direct assignment. The material suppliers provide materials to subcontractors who complete works required by their clients.



Source: Frost & Sullivan

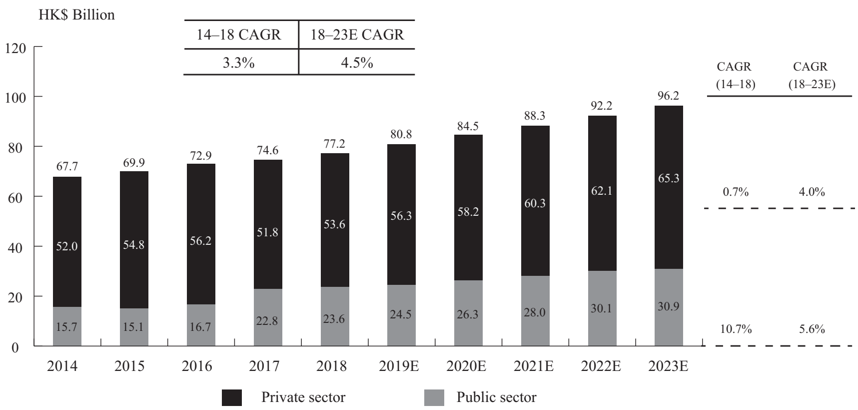
Market size of RMAA services market by public and private sectors in Hong Kong

In Hong Kong, Architectural Services Department, Housing Department and Highways Department contribute to a large proportion of the annual budget for RMAA projects in public sector. From 2014 to 2016, the market size of RMAA services market in public sector remained relatively stable at around HK$16.0 billion. In 2016, the government awarded an increasing amount of contracts for RMAA services in the public sector, which led to an increase in public RMAA services market since 2017. It is expected that the revenue of RMAA market in public sector would increase to HK$30.9 billion in 2023. The market size of public RMAA market is estimated to witness the growth momentum since 2018 as a result of expanding demand for repair and maintenance service with increasing number of old buildings in Hong Kong.

The revenue of RMAA services market has experienced an increase since 2014 and reached HK$77.2 billion in 2018. With the continuously increasing number of buildings in Hong Kong, the revenue of overall RMAA services market is expected to further increase to HK$96.2 billion in 2023. The public sector of RMAA services market has seen a faster growth from 2014 to 2018 compared with private sector. Based on the government's RMAA budgets in the future, the revenue of RMAA services market in public sector is estimated to keep a positive momentum.

The following chart shows the revenue of RMAA services market in Hong Kong:

Revenue of RMAA Services Market (by Private and Public), Hong Kong, 2014–2023E



Source: Frost & Sullivan

Drivers of RMAA services market in Hong Kong

Increasing number of old buildings

The Development Bureau estimates that by 2046, the number of private housing units aged 70 or above will be more than 326,000, about 300 times of that in 2016. These housing units, most located in urban areas, will require RMAA services so as to make full use of the urban land and provide better housing to the public, which will drive the development of RMAA market in Hong Kong.

Government's support on building maintenance

The Hong Kong Government has introduced a number of policies to regulate and encourage building maintenance and renovation, such as the Mandatory Building Inspection Subsidy Scheme and the Mandatory Window Inspection Scheme. Moreover, the government has sponsored multiple projects to provide assistance or allowance for the owners in the old buildings to carry out RMAA services, such as Integrated Building Maintenance Assistance Scheme, Operation Building Bright Scheme, Building Safety Loan Scheme and Building Maintenance Grant Scheme for Elderly Owners.

Fast development of construction works

The revenue of construction works in Hong Kong increased from HK$336.7 billion in 2014 to HK$468.5 billion in 2018, representing a CAGR of 8.6%, and it is expected to continue to grow from 2018 to 2023. Those newly completed projects will need increasing amount of renovation and maintenance works after initial years of use during their life span, which will drive the development of RMAA services market in Hong Kong.

Key success factors of RMAA services market in Hong Kong

Successful track record with good reputation

When applying for the construction qualification and bidding for a RMAA services project, it is necessary for companies to present and list the abundant track record in order to prove their capability in providing RMAA services. The excellent track record will help the company to obtain high scores in the evaluation process. Therefore, the abundant track record with good reputation is essential for the successful companies in RMAA services market.

Strong and stable relationship network

For both main contractors and subcontractors, it is important to establish a strong and stable relationship with their contract providers, such as the government, property developers and large main contractors, in such competitive RMAA services market. Meanwhile, the company also needs to build a good and stable relationship with banks and material suppliers, in order to guarantee sufficient cash flow and materials as well as to enjoy cost advantage.

Sufficient and stable capital flow

The RMAA services is a capital intensive industry, with characteristics of large fund and long investment period, since it requires a large investment on labours and advanced payment on materials. Therefore, a successful company must have sufficient and stable capital flow to support the continuous operation of multiple RMAA services projects, especially in the beginning of each project.

Competitive landscape

The overall RMAA services market is fragmented as there are thousands of market players including main contractors which are often the subsidiaries of the comprehensive real-estate development groups and usually involved in both RMAA and building construction services, and subcontractors which usually focus on some specific areas. The total market share of the top five companies was around 10% in 2018, and three of the top five players had transactions with our Company during the Track Record Period. There are over one thousand construction companies providing RMAA-related services in public and private sector, and most of them are small and medium-sized subcontractors. Our Company accounted for a market share of approximately 0.5% in total RMAA services market in 2018.

The table below sets forth the details of top five RMAA service providers in Hong Kong in 2018, ranked by market share:

Ranking	Company	Market share	Background
1	SOCAM Development Limited (stock code: 983)	3.1%	A construction company principally engaged in building construction, construction related services, construction information technology, building materials trading and property development.
2	Yau Lee Holdings Limited (stock code: 406)	2.2%	A construction company principally engaged in building construction, maintenance, renovation, plumbing and drainage works, electrical and mechanical works, building materials supply, precast products manufacturing and trading, property development, hotel and property investment etc.
3	SFK Construction Holdings Limited (stock code: 1447)	2.1%	A construction company principally engaged in construction and maintenance projects, including construction of new buildings, maintenance and civil engineering.
4	Cheung Hing Construction Company Limited	1.8%	A private construction company principally engaged in RMAA and building construction services in Hong Kong.
5	Asia Allied Infrastructure Holdings Limited (stock code: 711)	1.7%	A group specialising in the construction business, including building construction, civil engineering, construction services and overseas construction services.
	The Company	0.5%	
	Others	88.6%	
	Total	100.0%	

Source: Frost & Sullivan

Entry barriers of RMAA services market in Hong Kong

Capital barrier

Upon entering the RMAA services market, the new entrants need substantial initial investment for material procurement, talent recruitment, equipment purchasing, marketing promotion, operation, etc. The requirement for large initial capital is one of the major entry barriers for small and medium-size entrants.

Long-term relationship with main contractors

In Hong Kong, the government usually signs the contracts directly with main contractors for public RMAA services projects. In order to gain trusts from the main contractors, RMAA services providers need to have long track records to prove their stability, reliability and follow-up service capabilities. On the other hand, once the capabilities are recognised by the main contractors, RMAA services subcontractors will not be easily replaced.

Experience barrier

It requires great expertise and knowledge to work in the RMAA services market, and the expertise comes from years of operation experiences. Moreover, sound and successful experience is a key criterion for main contractors or property owners to select the contractor during the tending or bidding process. It is difficult for new entrants with no prior experience to win contracts from the clients.

OVERVIEW OF BUILDING CONSTRUCTION SERVICES MARKET IN HONG KONG

Introduction to building construction services in Hong Kong

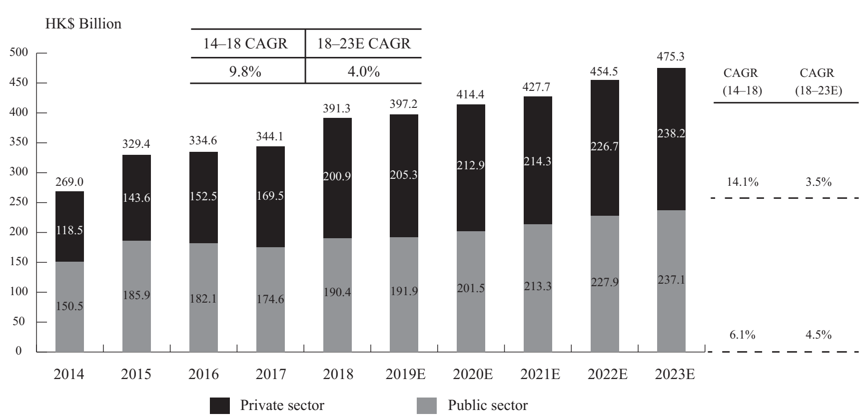
Building construction services refer to new civil or building projects at the construction sites, including transportational, environmental, recreational, utilities, residential, commercial, industrial, storage uses, etc.

Market size of building construction services in Hong Kong

The market of building construction services in Hong Kong includes the revenue of both main contractors and subcontractors. Due to the increase in public infrastructure expenditure and residential land supply in Hong Kong in recent years, the market size of building construction services in Hong Kong increased to HK$391.3 billion in 2018. Over half of building construction services were from the public sector. Driven by continuously growing public infrastructure expenditures and residential housing market in the next few years, the market size of building construction services in Hong Kong is expected to increase to HK$475.3 billion in 2023.

The following chart shows the market size of building construction services in Hong Kong:

Market Size of Building Construction Services, Hong Kong, 2014–2023E



Source: Census and Statistics Department of HKSAR, HKCIC, Frost & Sullivan

Drivers of building construction services in Hong Kong

Increase of public infrastructure expenditure

The Hong Kong Government has been promoting the investment in public infrastructure projects in the recent years. Infrastructure expenditure increased in the past few years, and the government budget plan for major infrastructure projects is expected to reach HK$89.2 billion in year 2019/2020. New public infrastructure projects including "Ten Major Infrastructure Projects" create huge opportunities for building construction services industry.

Increasing supply of residential housing

The Hong Kong Government has been increasing the supply of residential housing. According to the government 2019/2020 budget plan, the projected supply of first-hand private residential properties would be around 93,000 units in the next 3 to 4 years. The estimated public housing supply by the Hong Kong Housing Authority and the Hong Kong Housing Society will also increase in the next five years. Increasing supply of residential housing provides opportunities for building construction works companies.

Development trends of building construction services in Hong Kong

Comprehensive services

With the increasingly fierce competition, companies engaged in building construction services are expanding their service scope from mere execution work to integrated one-stop services in order to satisfy clients' overall demand. These companies provide comprehensive services including intellectual design, supply of construction materials and maintenance services.

Deeper interaction with mainland

The PRC government encourages the economic cooperation between companies in the PRC and in Hong Kong. With the issuance of favourable policies and increasing communication and cooperation, more construction companies from the PRC are entering Hong Kong market and some Hong Kong companies are planning to expand their business in the PRC.

Smart building concept

Smart building concept brings incredible convenience and comforts for clients through network technologies and gradually becomes an unavoidable topic of future tendency. Companies engaged in building construction services are supposed to integrate construction technologies with electronic and internet technologies so as to increase the added value, and improve efficiency.

Competitive landscape

The competition of building construction services in Hong Kong is fierce. Top five companies of building construction services industry in Hong Kong who are all main contractors, accounting for around 9.3% of the market size in 2018. For subcontractors, the building construction services market in Hong Kong is more fragmented in both public and private sectors with over 4,000 registered subcontractors by 2018. Our Company had a market share of less than 0.1% in building construction services market in 2018. We believe that our good track records in RMAA services market, allow our Company to establish and maintain good relationship with those large main contractors and the government.

The table below sets forth the details of top five building construction services providers in Hong Kong in 2018, ranked by market share:

Ranking	Company	Market share	Background
1	China State Construction International Holdings Limited (stock code: 3311)	3.8%	A construction group mainly engaged in infrastructure investment, construction engineering, housing engineering, civil engineering, basic engineering, site survey, mechanical and electrical engineering, concrete production.
2	Asia Allied Infrastructure Holdings Limited (stock code: 711)	1.6%	A group specialising in the construction business, including building construction, civil engineering, construction services and overseas construction services.
3	Build King Holdings Limited (stock code: 240)	1.6%	A company offering construction service including civil engineering, buildings and environmental.
4	South Shore Holdings Limited (stock code: 577)	1.4%	A group with diversified business covering building construction, civil engineering, property development management, property investment and hotel development.
5	Hsin Chong Group Holdings Limited (stock code: 404)	0.8%	A construction group providing comprehensive construction, property and related services.
	The Company	< 0.1%	
	Others	90.8%	
	Total	100.0%	

Source: Frost & Sullivan

OVERVIEW OF THE COMPETITIVE ADVANTAGES OF OUR GROUP IN CONSTRUCTION MARKET IN HONG KONG

Good track record and reputation

Double Gain, which was established in 2004, enjoys a high recognition and good prestige in the RMAA services market in public sector as a result of its successful track record and construction quality. The good reputation, which is highly valued in the bidding process, provides advantage to our Company during the tendering in both RMAA and building construction services projects. The wide range of experience and successful historical records in construction projects as well as improved reputation after Listing on GEM are beneficial for our Company to win similar contracts.

Long-term stable cooperation with main contractors

Our Company has established long-term cooperative relationships with the leading main contractors. The established mutual trust and good performance from the historical cooperation help our Company secure more contracts from these main contractors.

Strong financing capability

In the construction market, a contractor needs sufficient capital or good financing capability to recruit workers and purchase raw materials, especially at the beginning period of the projects when the payment has not been received from customers. Our strong financing capability makes our Company more competitive.

This section sets forth a summary of the major laws and regulations which are relevant to our business in Hong Kong.

LABOUR, HEALTH AND SAFETY

A. Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong)

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in an industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, every proprietor shall take care of the safety and health at work of all persons employed by the proprietor at the industrial undertaking by:

(i) providing and maintaining plant and work systems that do not endanger safety or health;

(ii) making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances;

(iii) providing all necessary information, instruction, training and supervision for ensuring health and safety at work;

(iv) providing and maintaining safe access to and egress from the workplace; and

(v) providing and maintaining a safe and healthy work environment.

A proprietor who contravenes these duties commits an offence, and is liable to a fine of HK$500,000. A proprietor who contravenes these duties wilfully and without reasonable excuse commits an offence and is liable to a fine of HK$500,000 and to imprisonment for six months.

In addition, certain matters are regulated under the subsidiary regulations of the Factories and Industrial Undertakings Ordinance such as the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), which requires a contractor to comply with certain requirements, including, among others, (i) prohibition of employment of persons under 18 years of age (save for certain exceptions); (ii) maintenance and inspection of hoist; (iii) duty to ensure safety of places of work; (iv) prevention of falls; (v) safety of excavations; (vi) duty to comply with miscellaneous safety requirements; and (vii) provision of first aid facilities. Any contractor who contravenes the foregoing without reasonable excuse commits an offence and is liable to a maximum fine of up to HK$200,000 and imprisonment of 12 months.

B. 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 of their employees at work by (including but without limitation):

(i) providing and maintaining plant and work systems that do not endanger safety or health;

(ii) making arrangements for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances;

(iii) providing all necessary information, instruction, training and supervision for ensuring safety and health;

(iv) maintaining the workplace in a condition that is safe and without risks to health;

(v) providing and maintaining safe access to and egress from the workplaces; and

(vi) providing and maintaining a safe and healthy work environment.

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.

Further, 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, or serve suspension notices against activity or the condition or use of the workplace which may create imminent risk of death or serious bodily injury. Failure to comply with such notices without reasonable excuse constitutes an offence punishable by a fine of HK$200,000 and HK$500,000, respectively, and imprisonment of up to 12 months.

C. 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, setting out 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.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or death arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

Pursuant to section 24 of the Employees' Compensation Ordinance, a principal contractor shall be liable to pay compensation to subcontractors' employees who are injured in the course of their employment to the subcontractors. The principal contractor is, nonetheless, entitled to be indemnified by any person who would have been liable to pay compensation to the injured employee. The employees in question are required to serve a notice in writing on the principal contractor before making any claim or application against such principal contractor.

According to section 40 of the Employees' Compensation Ordinance, all employers (including principal contractors and subcontractors) are required to take out insurance policies to cover their liabilities for injuries at work in respect of all their employees (including full-time and part-time employees). Under section 40(1B) of the Employees' Compensation Ordinance, where a principal contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount of not less than HK$200 million per event to cover its liability and that of its subcontractor(s) under the Employees' Compensation Ordinance and at common law. Where a principal contractor has taken out a policy of insurance under section 40(1B) of the Employees' Compensation Ordinance, the principal contractor and a subcontractor under the policy shall be regarded as having complied with section 40(1) of the Employees' Compensation Ordinance.

An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK$100,000) and to imprisonment for two years.

D. Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

A principal contractor is subject to the provisions on subcontractor's employees' wages in the Employment Ordinance. Section 43C of the Employment Ordinance provides that, if any wages become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance, such wages shall be payable by the principal contractor and/or every superior subcontractor jointly and severally. A principal contractor's liability shall be limited to the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on the site of the building work, and to the wages due to such an employee for two months without any deductions (such months shall be the first two months of the period in respect of which the wages are due).

An employee who has outstanding wage payments from the subcontractor must serve a notice in writing on the principal contractor within 60 days after the wage due date or another 90 days if permitted by the Commissioner for Labour. The principal contractor and superior subcontractor (where applicable) shall not be liable to pay any wages to the employee of the subcontractor if that employee fails to serve a notice on the principal contractor.

Upon receipt of such notice from the relevant employee, a principal contractor shall, within 14 days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that subcontractor (where applicable) of whom he is aware.

A principal contractor who without reasonable excuse fails to serve notice on the superior subcontractors shall be guilty of an offence and shall be liable on conviction to a fine at level 5 (currently at HK$50,000).

Pursuant to section 43F of the Employment Ordinance, if a principal contractor or superior subcontractor pays to an employee any wages under section 43C of the Employment Ordinance, the wages so paid shall be a debt due by the employer of that employee to the principal contractor or superior subcontractor, as the case may be. The principal contractor or superior subcontractor may either claim contribution from every superior subcontractor to the employee's employer or from the principal contractor and every other such superior subcontractor as the case may be, or deduct by way of set-off the amount paid by it from any sum due or may become due to the subcontractor in respect of the work that it has subcontracted.

E. Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong)

The Construction Workers Registration Ordinance provides, among others, for registration and regulation of construction workers. The principal object of the Construction Workers Registration Ordinance is to establish a system for registration of construction workers and to regulate construction workers who personally carry out construction work on construction site.

Employment of Registered Construction Workers

Under sections 3(1) and 5 of the Construction Workers Registration Ordinance, the principal contractors/subcontractors/employers/controllers of construction sites are required to employ only registered construction workers to personally carry out construction work on construction sites.

Keeping and Submission of Site Daily Attendance Report

Under section 58 of the Construction Workers Registration Ordinance, a principal contractor/controller of a construction site is required to:

1. establish and maintain a site daily attendance report in the specified form that contains information of the registered construction workers employed by the controller or, if the controller is the principal contractor, by the subcontractor of the controller; and

2. furnish to the Registrar of Construction Workers in such manner as directed by the Registrar of Construction Workers with a copy of the record:

   i. for the period of 7 days after any construction work begins on the site; and

   ii. for each successive period of 7 days,

within 2 business days following the last day of the period concerned.

F. 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 the premises for 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 premises to take such care as in all the circumstances of the case is reasonable to see that a 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.

G. Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

Pursuant to section 38A of the Immigration Ordinance, a construction site controller (i.e. the principal or main contractor, and includes a subcontractor, owner, occupier or other person who has control over or is in charge of a construction site) should take all practicable steps to prevent having illegal immigrants from being on the construction site, and to prevent illegal workers who are not lawfully employable from taking employment on the construction site.

Where it is proved that an illegal immigrant was on a construction site, or such illegal worker, who is not lawfully employable, took employment on a construction site, the construction site controller commits an offence, and is liable to a fine of HK$350,000.

H. Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently at HK$37.5 per hour) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance.

Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

I. Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

The Mandatory Provident Fund Schemes Ordinance provides for, *inter alia*, the establishment of a system of privately managed, employment-related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement.

Under the Mandatory Provident Fund Schemes Ordinance, the employer and its relevant employee of 18 years of age or over and below retirement age which is 65 years of age, are each required to make contribution to the plan at 5% (up to a maximum of HK$1,500 per month) of the relevant employees' relevant income, meaning any wages, salary, leave pay, fee, commission, bonus, gratuity, perquisite or allowance expressed in monetary terms, paid or payable by an employer to the relevant employee in consideration of his employment under his employment contract.

Industry schemes (the "**Industry Schemes**") were established under the MPF system for employers in the construction and catering industries in view of the high labour mobility in these two industries, and the fact that most employees in these industries are "casual employees" whose employment is on a day-to-day basis or for a fixed period of less than 60 days.

For the purpose of the Industry Schemes, the construction industry covers the following eight major categories: (i) foundation and associated works; (ii) civil engineering and associated works; (iii) demolition and structural alteration works; (iv) refurbishment and maintenance works; (v) general building construction works; (vi) fire services, mechanical, electrical and associated works; (vii) gas, plumbing, drainage and associated works; and (viii) interior fitting-out works.

The Mandatory Provident Fund Schemes Ordinance does not stipulate that employers in these industries must join the Industry Schemes. The Industry Schemes provide convenience to the employers and employees in the construction and catering industries. Casual employees do not have to switch schemes when they change jobs within the same industry, so long as their previous and new employers are registered with the same Industry Scheme. This is convenient for scheme members and saves administrative costs.

J. Security of Payment Legislation for the Construction Industry

The Hong Kong Government has conducted a public consultation on the proposed Security of Payment Legislation for the Construction Industry to address unfair payment terms, payment delays and disputes. The Security of Payment Legislation for the Construction Industry purports to encourage fair payment, rapid dispute resolution and increase cash flow in the contractual chain.

When it comes into force, all public sector construction contracts will be caught by the legislation, whereas in the private sector, only contracts relating to a "new building" (as defined by the Buildings Ordinance) which has a value in excess of HK$5 million for construction contracts and HK$500,000 for professional services and supply only contracts will be caught by the legislation. Where the Security of Payment Legislation for the Construction Industry applies to main contract, it also automatically applies to all subcontracts in the contractual chain.

The Security of Payment Legislation for the Construction Industry will, among others:

- prohibit "pay when paid" and similar terms in contracts, which refer to provisions in contracts that make payment contingent or conditional on the operation of other contracts or agreements, meaning that payment is conditional on the payer receiving payment from a third party;

- prohibit payment periods of more than 60 calendar days for interim payments and 120 calendar days for final payments;

- enable parties who are entitled to progress payments under the terms of a contract covered by the Security of Payment Legislation for the Construction Industry to claim such payments as statutory payment claims, upon receipt of which the payer has 30 calendar days to serve a payment response, and parties who are entitled to payments under statutory payment claims will be entitled to pursue adjudication if the statutory payment claims are disputed or ignored; and

- grant parties the right to suspend or reduce the rate of progress of works after either non-payment of an adjudicator's decision or non-payment of amounts admitted as due.

It is probable that some of our contracts will be caught by the proposed Security of Payment Legislation for the Construction Industry and where such contracts are subject to the Security of Payment Legislation for the Construction Industry, we will have to ensure that their terms comply with the legislation. As the Security of Payment Legislation for the Construction Industry is designed to assist contractors, including us, to ensure cash-flow and access to a swift dispute resolution process, we do not expect the Security of Payment Legislation for the Construction Industry to have any negative implication on our business operation and liquidity management. In fact, with the new right to suspend or reduce the rate of progress of work on non-payment of fees admitted as due to us by our customers, the Security of Payment Legislation for the Construction Industry provides us with greater protection and strengthens our liquidity management.

ENVIRONMENTAL PROTECTION

A. Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)

The Air Pollution Control Ordinance is the principal legislation in Hong Kong for controlling emission of air pollutants and noxious odour from construction, industrial and commercial activities and other sources of pollution. Subsidiary regulations of the Air Pollution Control Ordinance impose control on air pollutant emissions from certain operations through the issue of licences and permits.

A contractor shall observe and comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Open Burning) Regulation, the Air Pollution Control (Construction Dust) Regulation, and the Air Pollution Control (Smoke) Regulations. The contractor responsible for a construction site shall devise and arrange methods of working and carrying out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Asbestos control provisions in the Air Pollution Control Ordinance require that building works involving asbestos must be conducted only by registered qualified personnel and under the supervision of a registered consultant.

B. Air Pollution Control (Construction Dust) Regulation (Chapter 311R of the Laws of Hong Kong)

Under the Air Pollution Control (Construction Dust) Regulation, "construction work" includes but is not limited to the construction, demolition and reconstruction of the whole or any part of any building or other structure, site formation, piling and extraction from the earth of any matter whatsoever. Under section 3 of the Air Pollution Control (Construction Dust) Regulation, the contractor responsible for a construction site where any notifiable work is proposed to be carried out shall give notice to the public officer appointed under the Air Pollution Control Ordinance of the proposal to carry out the work. Such "notifiable work" includes site formation, reclamation, demolition of a building; work carried out in any part of a tunnel that is within 100 metres of any exit to the open air, construction of the foundation of a building, construction of the superstructure of building or road construction work.

Under section 4 of the Air Pollution Control (Construction Dust) Regulation, the contractor responsible for a construction site where a notifiable work is being carried out shall ensure that the work is carried out in accordance with the Schedule to the Air Pollution Control (Construction Dust) Regulation.

C. Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)

The Noise Control Ordinance regulates, among others, the noise from construction activities. A contractor shall comply with the Noise Control Ordinance and its subsidiary regulations in carrying out construction works.

Under the Noise Control Ordinance, noisy construction work and the use of powered mechanical equipment are not allowed between 7 p.m. and 7 a.m. or at any time on general holidays unless prior approval has been granted by the Environmental Protection Department through the construction noise permit system. Certain equipment is also subject to restrictions on when its use is allowed. Hand-held percussive breakers and air compressors must comply with noise emissions standards and be issued with a noise emission label from the Environmental Protection Department. Percussive pile-driving is allowed on weekdays only with prior approval in the form of a construction noise permit from the Environmental Protection Department.

Any person who carries out any construction work except as permitted is liable on first conviction to a fine of HK$100,000, on a second or subsequent conviction to a fine of HK$200,000, and, in any case, to a fine of HK$20,000 for each day during which the offence continues.

D. Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)

The Water Pollution Control Ordinance controls the effluent discharged from all types of industrial, commercial, institutional and construction activities into public sewers, rainwater drains, river courses or water bodies. All industry/trade generating wastewater discharge (except domestic sewage that is discharged into communal foul sewers or unpolluted water to storm drains) are subject to licencing control by the Environmental Protection Department.

All discharges, other than domestic sewage to a foul sewer or unpolluted water to a storm drain, must be covered by an effluent discharge licence. The licence specifies the permitted physical, chemical and microbial quality of the effluent, and the general guidelines are that the effluent does not damage sewers or pollute inland or inshore marine waters.

According to the Water Pollution Control Ordinance, unless being licenced under the Water Pollution Control Ordinance, a person who discharges any waste or polluting matter into the waters or discharges any matter into a communal sewer or communal drain in a water control zone commits an offence, and is liable to imprisonment for six months, and, for a first offence, to a fine of HK$200,000, and, for a second or subsequent offence, to a fine of HK$400,000, and, in addition, if the offence is a continuing offence, to a fine of HK$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

E. Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)

The Waste Disposal Ordinance controls and regulates the production, storage, collection, treatment, recycling and disposal of wastes. A contractor shall observe and comply with the Waste Disposal Ordinance and its subsidiary regulations, particularly the Waste Disposal (Charges For Disposal Of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong) and the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong).

Under the Waste Disposal (Charges For Disposal Of Construction Waste) Regulation, a main contractor who undertakes construction work with a value of HK$1,000,000 or above will be required to establish a billing account with the Environmental Protection Department within 21 days after the contract is awarded to pay any disposal charges payable in respect of the construction waste generated from construction work undertaken under that contract.

Under the Waste Disposal (Chemical Waste) (General) Regulation, anyone who produces chemical waste or causes it to be produced has to register as a chemical waste producer. The waste must be packaged, labelled and stored properly before disposal. Only a licenced collector can transport the waste to a licenced chemical waste disposal site for disposal. Chemical waste producers also need to keep records of their chemical waste disposal for inspection by the staff of the Environmental Protection Department.

Under the Waste Disposal Ordinance, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of Environmental Protection. A person who, except under and in accordance with a permit or authorisation, does, causes or allows another person to do anything for which such a permit or authorisation is required commits an offence, and is liable to a fine of HK$200,000 and to imprisonment for six months for a first offence, HK$500,000 and to imprisonment for two years for a second or subsequent offence.

F. Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)

Emission of dust from any building under construction or demolition in such manner as to be a nuisance is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 3 (currently at HK$10,000) upon conviction with a daily fine of HK$200.

Discharge of muddy water is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 5 (currently at HK$50,000) upon conviction.

Any accumulation of water on any premises found to contain mosquito larvae or pupae is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 4 (currently at HK$25,000) upon conviction and a daily fine of HK$450.

Any accumulation of refuse which is a nuisance or injurious or dangerous to health is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 3 (currently at HK$10,000) upon conviction and a daily fine of HK$200.

Any premises in such a state as to be a nuisance or injurious or dangerous to health is actionable under the Public Health and Municipal Services Ordinance. The maximum penalty is a fine at level 3 (currently at HK$10,000) upon conviction and a daily fine of HK$200.

CONTRACTOR LICENSING REGIME

A. Registered Specialist Trade Contractors Scheme

Subcontractors in Hong Kong may apply for registration under the Registered Specialist Trade Contractors Scheme, which was originated from the Subcontractor Registration Scheme and managed by the Construction Industry Council, a body corporate established under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong) in February 2007.

The Subcontractor Registration Scheme was formerly known as the Voluntary Subcontractor Registration Scheme, which was introduced by the Provisional Construction Industry Co-ordination Board (the "**PCICB**"). The PCICB was formed in September 2001 to spearhead industry reform and to pave way for the early formation of the statutory industry coordinating body.

A technical circular issued by the Works Branch of the Development Bureau (then the Environment, Transport and Works Bureau) ("**WBDB**") on 14 June 2004 (now subsumed into the Project Administration Handbook for Civil Engineering Works by the Civil Engineering and Development Department) requires that all public works contractors with tenders to be invited on or after 15 August 2004 to employ all subcontractors (whether nominated, specialist or domestic) registered from the respective trades available under the Voluntary Subcontractor Registration Scheme.

After the Construction Industry Council took over the work of the PCICB in February 2007 and the Voluntary Subcontractor Registration Scheme in January 2010, the Construction Industry Council launched stage 2 of the Voluntary Subcontractor Registration Scheme in January 2013. Voluntary Subcontractor Registration Scheme was also then renamed Subcontractor Registration Scheme. All subcontractors registered under the Voluntary Subcontractor Registration Scheme have automatically become registered subcontractors under the Subcontractor Registration Scheme.

Subcontractors may apply for registration on the Subcontractor Registration Scheme in one or more of 52 trades covering common structural, civil, finishing, electrical and mechanical works and supporting services. The 52 trades further branch out into around 94 specialties, including demolition, concreting and others etc.

Where a contractor is to subcontract/sub-let part of the public works involving trades available under the Primary Register (a list of companies registered in accordance with the Rules and Procedures for the Primary Register of the Subcontractor Registration Scheme) of the Subcontractor Registration Scheme, it shall engage all subcontractors (whether nominated, specialist or domestic) who are registered under the relevant trades in the Primary Register of the Subcontractor Registration Scheme. Should the subcontractors further subcontract (irrespective of any tier) any part of the public works subcontracted to them involving trades available under the Primary Register of the Subcontractor Registration Scheme, the contractor shall ensure that all sub-contractors (irrespective of any tier) are registered under the relevant trades in the Primary Register of the Subcontractor Registration Scheme.

Applications for registration under the Primary Register of the Subcontractor Registration Scheme are subject to the following entry requirements:

(a) completion of at least one job within five years as a main contractor/subcontractor in the areas which it applies or to have acquired comparable experience by itself/its proprietors, partners or directors within the last five years;

(b) listings on one or more government registration schemes operated by policy bureaus or departments of the Hong Kong Government relevant to the trades and specialties for which registration is sought;

(c) the applicant or its proprietor, partner or director having been employed by a registered subcontractor for at least five years with experience in the trade/specialty applying for and having completed all the modules of the Project Management Training Series for Subcontractors (or equivalent) conducted by the Construction Industry Council; or

(d) the applicant or its proprietor, partner or director having registered as Registered Skilled Worker under the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong) for the relevant trade/specialty with at least five years' experience in the trade/specialty applying for and having completed the Senior Construction Workers Trade Management Course (or equivalent) conducted by the Construction Industry Council.

A registered subcontractor shall apply for renewal within three months before the expiry date of its registration by submitting an application to the Construction Industry Council in a specified format providing information and supporting documents as required to show compliance with the entry requirements. An application for renewal shall be subject to approval by the management committee which oversees the Subcontractor Registration Scheme (the "**Management Committee**"). If some of the entry requirements covered in an application can no longer be satisfied, the Management Committee of the Construction Industry Council may give approval for renewal based on those trades and specialties where the requirements are met. An approved renewal shall be valid for two years from the expiry of the current registration.

A registered subcontractor shall observe the Codes of Conduct for Registered Subcontractor (Schedule 8 to the Rules and Procedures for the Primary Register of the Subcontractor Registration Scheme) (the "**Codes of Conduct**"). Failing to comply with the Codes of Conduct may result in regulatory actions taken by the Management Committee.

The circumstances pertaining to a registered subcontractor that may call for regulatory actions include, but are not limited to:

(a) supply of false information when making an application for registration, renewal of registration or inclusion of additional trades;

(b) failure to give timely notification of changes to the registration particulars;

(c) serious violations of the registration rules and procedures;

(d) convictions of senior management staff (including but not limited to proprietors, partners or directors) for bribery or corruption under the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);

(e) convictions for failure to pay wages on time to workers in accordance with the relevant provisions contained in the Employment Ordinance (Chapter 57 of the Laws of Hong Kong);

(f) wilful misconducts that may bring the Subcontractor Registration Scheme into serious disrepute;

(g) civil awards/judgments in connection with the violation of or convictions under the relevant sections of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);

(h) convictions under the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) or Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) in relation to serious construction site safety incidents resulting in one or more of the following consequences:

  (i) loss of life; or

  (ii) serious bodily injury resulting in loss or amputation of a limb or had caused or was likely to cause permanent total disability;

(i) conviction of five or more offences under the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) and/or Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) each arising out of separate incidents in any six months period (according to the date of committing the offence but not the date of conviction), committed by the Registered Subcontractor at each of a construction site under a contract;

(j) convictions for employment of illegal worker under the Immigration Ordinance (Chapter 115 of the Laws of Hong Kong); or

(k) late payment of workers' wages and/or late payment of contribution under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) over 10 days with solid proof of such late payment of wages and/or contribution.

The Management Committee may instigate regulatory actions by directing that:

(a) written strong direction and/or warning be given to a registered subcontractor;

(b) a registered subcontractor to submit an improvement plan with the contents as specified and within a specified period;

(c) a registered subcontractor be suspended from registration for a specified duration; or

(d) the registration of a registered subcontractor be revoked.

With effect from 1 April 2019, the Subcontractor Registration Scheme has been renamed as the Registered Specialist Trade Contractors Scheme together with a couple of enhancement.

All subcontractors who are registered under the seven trades, namely demolition, concreting formwork, reinforcement bar fixing, concreting, scaffolding, curtain wall and erection of concrete precast component of the Subcontractor Registration Scheme have automatically become Registered Specialist Trade Contractors under the Registered Specialist Trade Contractors Scheme and no application is required. All subcontractors who are registered under the remaining trades of the Subcontractor Registration Scheme have been retained as Registered Subcontractors under Registered Specialist Trade Contractors Scheme and no application is required. All reference to the Subcontractor Registration Scheme shall be substituted by the Registered Specialist Trade Contractors Scheme with effect from 1 April 2019.

For existing construction contracts where subcontractors are required to register under the relevant trades available in the Subcontractor Registration Scheme, such subcontractors shall be deemed to have fulfilled that requirement if they are registered under the relevant trades in the Registered Specialist Trade Contractors Scheme.

B. Minor works contractor

Under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), the carrying out of large-scale building works or works of a very simple nature are governed by the same set of controls, including the requirements to obtain prior approval and consent from the Buildings Department before commencement of works and to appoint authorised persons (i.e. architects, engineers and surveyors registered under the Buildings Ordinance), and registered professionals to design and supervise the works as well as registered contractors to carry out the works.

The Buildings Ordinance was amended in 2008 to provide for a minor works control system. The Building (Minor Works) Regulation (Chapter 123N of the Laws of Hong Kong) ("**B(MW)R**") was passed by the Legislative Council in May 2009 to provide for a simplified control mechanism to facilitate the carrying out of minor works without prior approval of plans by the Buildings Department.

A total of 126 items of building works has been included as minor works under the B(MW)R. Detailed specifications for these 126 items of minor works are set out in Part 3 of Schedule 1 to the B(MW)R. These 126 items of minor works are classified into three classes according to their nature, scale, complexity and risk to safety.

(1) Class I (total of 44 items) includes mainly those relatively more complicated minor works;

(2) Class II (total of 40 items) comprises those of comparatively lower complexity and risk to safety; and

(3) Class III (total of 42 items) mainly includes common household minor works.

Under each class of minor works, works are further classified into different types. There are seven types of minor works corresponding to the specialisation of works in the industry:

(1) Type A: Alteration & Addition Works

(2) Type B: Repair Works

(3) Type C: Works relating to Signboards

(4) Type D: Drainage Works

(5) Type E: Works relating to Structures for Amenities

(6) Type F: Finishes Works

(7) Type G: Demolition Works

Details of the minor works items under each type of works are set out in Part 2 of Schedule 1 to the B(MW)R.

In order to ensure that only contractors who are able to perform their duties and responsibilities in a competent manner are allowed to carry out the respective items of minor works, they are required to be registered under the Buildings Ordinance.

Under section 8A(1)(c) of the Buildings Ordinance, the Director of Buildings maintains a register of minor works contractors who are qualified to carry out such minor works belonging to the class, type and item specified in the register for which they are registered.

There are two types of Registered Minor Work Contractors, namely Registered Minor Works Contractors (Individual) ("**RMWCs (Ind)**") and Registered Minor Works Contractors (Company) ("**RMWCs (Co)**"). RMWCs (Ind) are minor work contractors who are registered under section 10(1)(a) of the B(MW)R in the name of an individual self-employed worker. RMWCs (Ind) are only allowed to carry out various items of Class III minor works. RMWCs (Co) are minor work contractors who are registered under section 10(1)(b) of the B(MW)R in the name of a company (including corporations, sole proprietorship and partnership) for carrying out various types and classes of minor works.

Under section 12(5) of the B(MW)R, an applicant for registration as a RMWCs (Co) must satisfy the Director of Buildings on the following aspects:

(a) the appropriate qualifications and experience of its key personnel;

(b) it having access to plants and resources;

(c) if it is a corporation, its management structure being adequate;

(d) the ability of the persons appointed to act for the applicant for the purposes of the Buildings Ordinance to understand the minor works under application through relevant experience and a general knowledge of the basic statutory requirements; and

(e) the applicant being suitable for registration in the register of minor works contractors.

Pursuant to section 12(6) of the B(MW)R, in deciding whether the applicant is suitable for registration in the register of minor works contractors, the Director of Buildings will take into account the following factors:

(a) whether the applicant has any criminal record in respect of any offence under the laws of Hong Kong relating to the carrying out of any building works; and

(b) whether any disciplinary order has been made against the applicant.

In considering each application for registration as a RMWCs (Co), the Director of Buildings is to have regard to the qualifications, experience and suitability of the following key personnel of the applicant:

(a) a minimum of one person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance hereinafter referred to as the Authorised Signatory ("**AS**"); and

(b) for a corporation — a minimum of one director from the board of directors of the applicant, hereinafter referred to as the Technical Director ("**TD**"), who is authorised by the board to:

   (i) have access to plants and resources;

(ii) provide technical and financial support for the execution of minor works; and

(iii) make decisions for the company and supervise the AS and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance.

The following persons are eligible to become the AS and the TD of the applicant:

(a) if the applicant is a sole proprietorship, the sole proprietor is the only person eligible to act as the AS.

(b) if the applicant is a partnership, any partner appointed by all the other partners is eligible to act as the AS.

(c) if the applicant is a corporation, a suitable person appointed by the board of directors is eligible to act as the AS, whereas the TD must be a director appointed under the Companies Ordinance and appointed by the board of directors to perform the role of TD.

A person is allowed to take up the role of the AS as well as the role of the TD of a corporation at the same time provided that he meets the requirements of both AS and TD.

To ensure that adequate supervision and proper management are provided for the carrying out of minor works and to avoid possible situations of conflict of interest, persons who have been accepted as the AS/TD for a RMWCs (Co) cannot act as a key personnel for another contractor firm simultaneously.

Pursuant to section 13 of the B(MW)R, the registration as a RMWCs (Co) is valid for a period of three years commencing from the date of entry of the name in the register of minor works contractors maintained by the Director of Buildings. Under section 14(1) and (2) of B(MW)R, a RMWCs (Co) may apply to the Director of Buildings for renewal of registration within a period not earlier than four months and not later than 28 days prior to the expiry of the registration. A renewed registration will expire on the third anniversary of the expiry date of the previous registration.

Under section 13 of the Buildings Ordinance, a Registered Minor Works Contractor, or the director, officer or a person appointed by the Registered Minor Works Contractor who fails to discharge any of the specified duties is subject to inquiry by the disciplinary board appointed under the Buildings Ordinance. The disciplinary board may, among others, order that (i) the name of the registered contractor or the name of the director, officer or person be removed from the relevant register, either permanently or for such period as the disciplinary board thinks fit; (ii) the registered contractor or the director, officer or person be fined a sum up to HK$250,000; and (iii) the registered contractor or the director, officer or person be reprimanded.

C. General building contractor

Under the current contractor registration system in Hong Kong, a contractor carrying out building works and street works must be registered with the Buildings Department as a (i) general building contractor; (ii) specialist contractor; or (iii) minor works contractor. A building owner is required to appoint contractors from the appropriate register corresponding to the category of building works to be carried out.

Registered general building contractors may carry out general building works and street works which do not include any specialised works designated for registered specialist contractors.

Under section 8B(2) of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), an applicant for registration as a registered general building contractor must satisfy the Building Authority on the following aspects:

(a) if it is a corporation, the adequacy of its management structure;

(b) the appropriate experience and qualifications of its personnel;

(c) its ability to have access to plant and resources; and

(d) the ability of the person appointed to act for the applicant for the purposes of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) to understand building works and street works through relevant experience and a general knowledge of the basic statutory requirements.

In considering each application for registration as a registered general building contractor, the Building Authority is to have regard to the qualifications, competence and experience of the following key personnel of the applicant:

(a) a minimum of one person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), that is the "AS";

(b) for a corporation — a minimum of one director from the board of directors of the applicant, that is the "TD" who is authorised by the board to:

    (i) have access to plant and resources;

    (ii) provide technical and financial support for the execution of building works and street works; and

    (iii) make decisions for the company and supervise the AS and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance; and

(c) for a corporation which appoints a director who does not possess the required qualification or experience as TD to manage the carrying out of building works and street works — an "other officer" authorised by the board of directors to assist the TD.

As at the Latest Practicable Date, Mr. Wong Ho Yin and Mr. Tse Choi Lam are our AS, and Mr. MP Tsang is our AS and TD of RMWCs (Co). Mr. CK Tsang is our TD of Registered General Building Contractors.

Prior notification to the Buildings Department is required if any of the AS or TD intends to resign from his duties or will cease to be appointed by the contractor. Retrospective notification to the Buildings Department will not be accepted. The registered contractor is required to suspend all the building works immediately if there is no AS appointed to act for the contractor for the purposes of the Buildings Ordinance or if there is no TD acting for the contractor and an acceptable replacement is not appointed within a reasonable period of time.

Under the existing employment contracts of Mr. CK Tsang and Mr. MP Tsang, both of them are subject to a six-month notice period in respect of termination of employment. Our Directors confirm that the application to be a TD will normally take approximately three months whereas the application to be an AS will normally take approximately three months. Our Directors are of the view that it will not cause any material disruption of our business in the unlikely event that Mr. CK Tsang and Mr. MP Tsang resign to be the TD because (i) Mr. MP Tsang and Mr. CK Tsang are both our executive Directors and Controlling Shareholders and they are both subject to a six-month notice period in respect of termination of employment under their existing employment contracts, which allows sufficient time for the appointment and application to be a TD; and (ii) the relevant building works carried out by us should only be required to cease if no acceptable replacement of TD is appointed within a reasonable period of time. In addition, our Directors are of the view that it will not cause any material disruption of our business if any of the AS resigns from our Group in view of the facts that (i) Mr. MP Tsang, who is our AS of RMWCs (Co), is unlikely to leave our Group; (ii) there are three AS of RMWCs (Co) that if any one of them resigns or retires, immediate action to arrange for a replacement of the alternate AS will be taken and therefore, the compliance with the relevant requirements under Buildings Ordinance can be maintained by the other alternate AS; (iii) Mr. Wong Ho Yin and Mr. Tse Choi Lam are subject to a either six-month notice period or twelve-month notice period in respect of termination of employment or engagement as AS, and as at the Latest Practicable Date, our Directors have not received any notice/letter of resignation from them; and (iv) our Group plans to increase the number of AS by encouraging other members of our senior management to apply to be AS of Registered General Building Contractors.

D. Registered Electrical Contractor

The Electricity Ordinance (Chapter 406 of the Laws of Hong Kong) provides for the registration of electrical workers and contractors, and safety requirements for electricity supply and wiring. The definition of electrical works under section 2 of the Electricity Ordinance includes the installation, commissioning, inspection, testing, maintenance, modification or repair of a high or low voltage fixed electrical installation. Examples of fixed electrical installations include but not limited to distribution boards, wiring installations and lighting fittings that are fixed in premises.

Under section 34 of the Electricity Ordinance (Chapter 406 of the Laws of Hong Kong), no person shall do business as an electrical contractor or contract to carry out electrical work unless he is a Registered Electrical Contractor. All contractors engaged in electrical work on fixed electrical installations must be registered with the Electrical and Mechanical Services Department to ensure that such work carried out is solely by qualified electrical workers through a Registered Electrical Contractor.

To qualify as a Registered Electrical Contractor, an individual or a corporate applicant must employ at least one registered electrical worker. If the applicant is a partnership, at least one of the partners must be a registered electrical worker.

Under regulation 9 of the Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong), an application for registration as an electrical contractor should be submitted to the Director of Electrical and Mechanical Services the comprising:

(i) a form required by the Director of Electrical and Mechanical Services;

(ii) documents that are relevant to the applicant's registration or qualifications for registration; and

(iii) the specified application fee.

Under regulation 12 of the Electricity (Registration) Regulations (Chapter 406D of the Laws of Hong Kong), a registration as a Registered Electrical Contractor is valid for the three-year period shown on the certificate of registration. Regulation 13 of the Electricity (Registration) Regulations stipulates that a Registered Electrical Contractor shall apply to the Director of Electrical and Mechanical Services for renewal of registration within one to four months prior to the expiry of the existing registration.

OVERVIEW

Our history can be traced back to 2004 when Double Gain was co-founded by two friends, namely Mr. CK Tsang and Mr. MP Tsang who had known each other since the 1980s, with their personal wealth. Both Mr. CK Tsang and Mr. MP Tsang had been working in the construction industry prior to the establishment of our Group and had worked together on certain occasions in 2003. In 2004, Mr. CK Tsang and Mr. MP Tsang decided to leverage on their expertise and ventured to start their own company together. Prior to the incorporation of Double Gain, Mr. CK Tsang and Mr. MP Tsang had respectively accumulated more than six and eight years of experience in the construction industry.

At the commencement of operation, Double Gain was engaged as a subcontractor in the provision of RMAA services in Hong Kong. Leveraging on its experience and established networks in the industry, Double Gain expanded its business and started to provide building construction services since 2010.

As at the Latest Practicable Date, Double Gain was a registered subcontractor, a registered minor works contractor, a registered general building contractor and a registered electrical contractor.

Set forth below is a chronological review of the key business milestones of our Group:

Year	Event
2004	Double Gain was incorporated in Hong Kong
2005	Double Gain commenced its business of provision of RMAA services
2010	Double Gain became a registered subcontractor under the Subcontractor Registration Scheme
	Double Gain commenced its business of provision of building construction services
2012	Double Gain became a registered minor works contractor of the Buildings Department
2014	Double Gain participated in minor works for Hong Kong Government properties in NT west with an awarded contract sum of approximately HK$206 million
2016	Double Gain participated in RMAA services of aided schools at NT east with an awarded contract sum of approximately HK$436 million

Year	Event
	Double Gain participated in RMAA services of aided schools at NT west with an awarded contract sum of approximately HK$264 million
	Double Gain participated in superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works with an awarded contract sum of approximately HK$286 million
	Double Gain was awarded the Bronze Award Recognising Excellence in Safety for Safe Subcontractor Award 2016 by the Lighthouse Construction Industry Charity
2017	Double Gain participated in maintenance and repair work for Hong Kong Government properties on Hong Kong Island with an awarded contract sum of approximately HK$320 million
	Double Gain participated in maintenance and repair work for Hong Kong Government properties at NT east and outlying islands with an awarded contract sum of approximately HK$615 million
2018	Our Shares became listed on GEM
	Double Gain participated in the building construction of reprovisioning facilities in Kowloon east for the Hong Kong Government with an awarded contract sum of approximately HK$175 million
2019	Double Gain was awarded the Silver Prize and Outstanding Performance in Work at Height Safety Prize by the Labour Department pursuant to the Construction Industry Safety Award Scheme 2018–2019

CORPORATE DEVELOPMENT

Our Group comprises our Company and two subsidiaries. Set out below is the brief history of our Group members.

Our Company

Our Company, being the listing vehicle of our Group, was incorporated in the Cayman Islands as an exempted company with limited liability on 4 July 2017 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 August 2017. As at the date of incorporation, our Company had an authorised share capital of HK$390,000 divided into 39,000,000 Shares of HK$0.01 each, of which one Share was allotted and issued as fully paid to an initial subscriber (who is an Independent Third Party) at par. On the same date, such subscriber transferred the share to Giant Winchain at par, and additional 2,249 Shares, 250 Shares, 3,750 Shares and 3,750 Shares were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par respectively. On 23 January 2018, Giant Winchain, Wealth-In, Great Star, Universe King and our Company entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Great Star and Universe King transferred their respective shareholding interest in Nation Max (which represented the entire issued share capital of Nation Max) to our Company in consideration of our Company allotting and issuing credited as fully paid 225 Shares, 25 Shares, 375 Shares and 375 Shares to Giant Winchain, Wealth-In, Great Star and Universe King respectively. As a result, our Company became the holding company of our subsidiaries. Pursuant to the written resolutions of our then Shareholders passed on 23 January 2018, the authorised share capital of our Company increased from HK$390,000 to HK$7,800,000 by the creation of a further 741,000,000 Shares. Pursuant to the GEM Share Offer, 93,000,000 Shares were issued at the offer price of HK$0.80 each. Upon the share premium account of our Company being credited as a result of the issue of our Shares pursuant to the GEM Share Offer, a total of 278,989,000 Shares credited as fully paid at par were allotted and issued to the holders of Shares on the register of members of our Company at the close of business on 23 January 2018 in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK$2,789,890 standing to the credit of the share premium account of our Company. As a result, immediately upon the listing of our Shares on GEM on 13 February 2018, 62,775,000 Shares, 6,975,000 Shares, 104,625,000 Shares, 104,625,000 Shares and 93,000,000 Shares were held by Giant Winchain, Wealth-In, Great Star, Universe King and the public respectively. As at the Latest Practicable Date, the number of Shares held by our substantial shareholder (namely Giant Winchain) and our Controlling Shareholders (namely Great Star and Universe King) remained unchanged and our Company was owned as to 16.875% by Giant Winchain, 28.125% by Great Star, 28.125% by Universe King and 26.875% by the public, respectively.

Nation Max

Nation Max was incorporated in the BVI with limited liability on 16 May 2017 having an authorised share capital of US$50,000 which consists of a maximum of 50,000 shares with a par value of US$1.00 each, of which 2,250 shares, 250 shares, 3,750 shares and 3,750 shares were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par respectively.

On 21 July 2017, Giant Winchain, Wealth-In, Mr. MP Tsang, Mr. CK Tsang and Nation Max entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Mr. MP Tsang and Mr. CK Tsang transferred its/his respective shareholding interest in Double Gain to Nation Max in consideration of Nation Max allotting and issuing credited as fully paid 225 shares and 25 shares to Giant Winchain and Wealth-In respectively, and at the instruction of Mr. MP Tsang and Mr. CK Tsang, allotting and issuing 375 shares to each of Great Star and Universe King respectively. As a result, Nation Max was owned as to 2,475 shares, 275 shares, 4,125 shares and 4,125 shares by Giant Winchain, Wealth-In, Great Star and Universe King respectively.

On 23 January 2018, Giant Winchain, Wealth-In, Great Star and Universe King and our Company entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Great Star and Universe King transferred 2,475 shares, 275 shares, 4,125 shares and 4,125 shares of Nation Max (which represented the then entire issued share capital of Nation Max) to our Company, in consideration of our Company allotting and issuing 225 Shares, 25 Shares, 375 Shares and 375 Shares credited as fully paid, to Giant Winchain, Wealth-In, Great Star and Universe King respectively. As a result, Nation Max became a wholly-owned subsidiary of our Company.

As at the Latest Practicable Date, Nation Max was an intermediate holding company of our Group.

Double Gain

On 15 December 2004, Double Gain was incorporated in Hong Kong with limited liability. As at the date of incorporation, Double Gain allotted and issued as fully paid 5,000 shares to each of Mr. CK Tsang and Mr. MP Tsang respectively.

In 2017, Mr. Lai and Mr. Wong Tik Kwai gained interest in investing in our Group and as a result, on 29 March 2017, Giant Winchain, Wealth-In, Mr. MP Tsang, Mr. CK Tsang and Double Gain entered into a subscription agreement, pursuant to which each of Giant Winchain and Wealth-In subscribed and Double Gain allotted and issued 3,000 shares and 333 shares to Giant Winchain and Wealth-In respectively at the respective consideration of HK$18,000,000 and HK$2,000,000. The subscription price was arrived at after arm's length negotiations between the parties and taking into account of the audited profit after tax of Double Gain for the year ended 31 March 2016 and the prospects of the construction industry. The said 3,333 shares were properly and legally allotted, issued and credited as fully paid on 1 April 2017. Upon completion of the above subscription on 1

April 2017, the shareholding interest of Double Gain was beneficially owned as to approximately 22.5%, 2.5%, 37.5% and 37.5% by Giant Winchain, Wealth-In, Mr. CK Tsang and Mr. MP Tsang respectively.

On 21 July 2017, Giant Winchain, Wealth-In, Mr. MP Tsang, Mr. CK Tsang and Nation Max entered into a share swap agreement, pursuant to which each of Giant Winchain, Wealth-In, Mr. MP Tsang and Mr. CK Tsang transferred its/his respective shareholding interest in Double Gain to Nation Max in consideration of Nation Max allotting and issuing credited as fully paid 225 Shares and 25 Shares to Giant Winchain and Wealth-In respectively, and at the instruction of Mr. MP Tsang and Mr. CK Tsang, allotting and issuing 375 Shares to each of Great Star and Universe King respectively. As a result, Double Gain became a wholly owned subsidiary of Nation Max.

As at the Latest Practicable Date, Double Gain was the major operating subsidiary of the Company.

PARTIES ACTING IN CONCERT

On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among others, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group (the "**Relevant Companies**") since their respective dates of incorporation and should they remain as the management and/or hold shareholding interests of the Relevant Companies (whether direct or indirect interest):

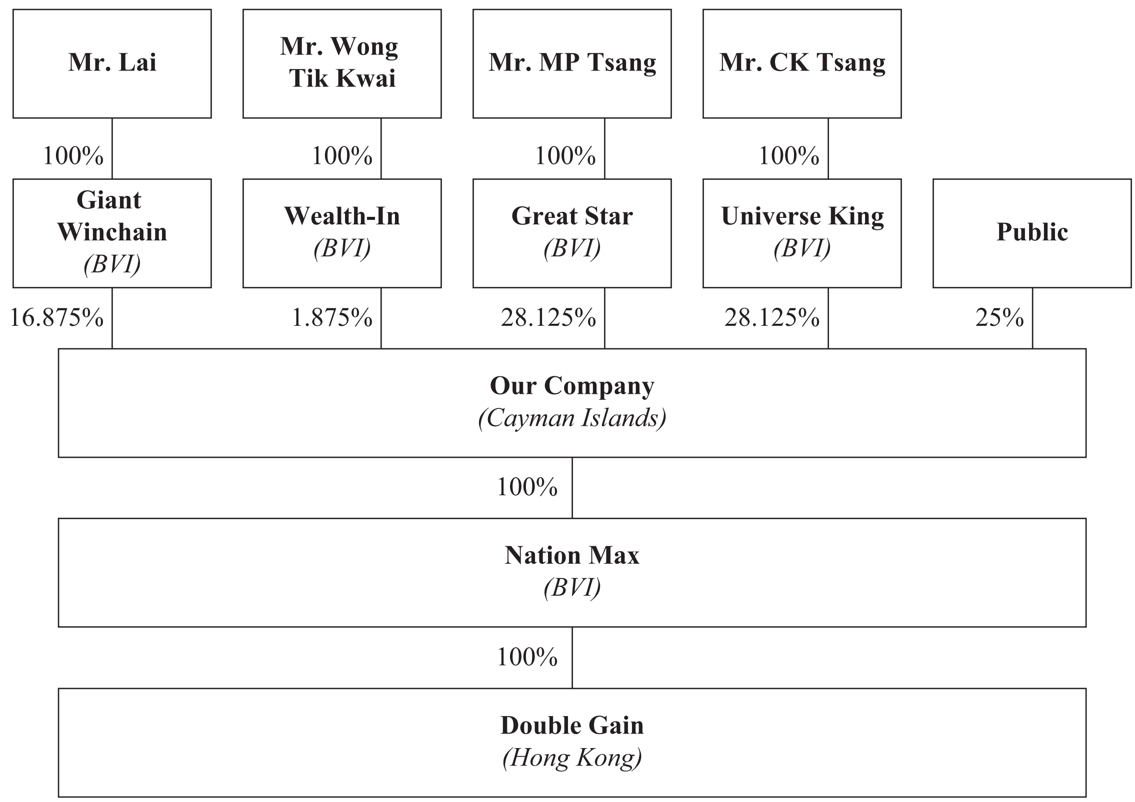
(a) they shall, and shall procure Universe King and Great Star (as the case may be) to, continue to act in concert and collectively discuss all major management issues and make and/or execute all commercial decisions, including but not limited to the finance and operation of the Relevant Companies;

(b) they shall, and shall procure Universe King and Great Star (as the case may be) to, continue to give unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of the Relevant Companies;

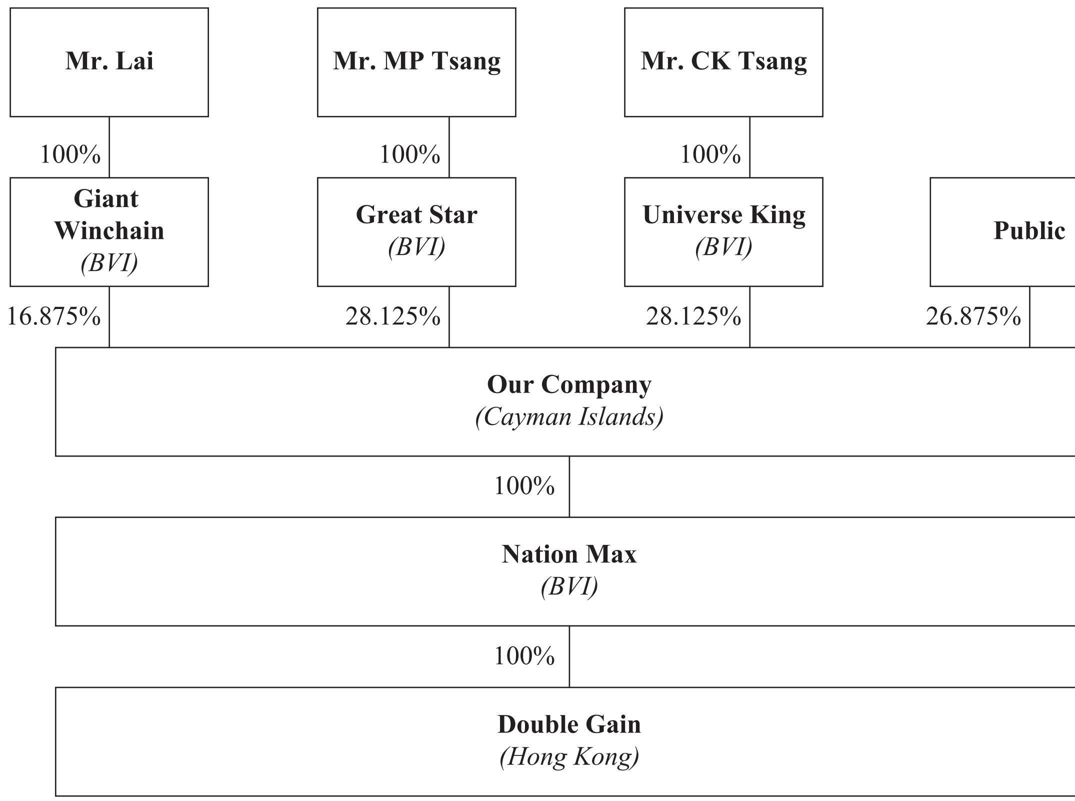
(c) they shall, and shall procure Universe King and Great Star (as the case may be) to, continue to cast unanimous vote collectively for or against all resolutions in all meetings (including directors' and shareholders' meetings) and discussions of the Relevant Companies; and

(d) they shall, and shall procure Universe King and Great Star (as the case may be) to, continue to cooperate with each other to obtain and maintain the consolidated control and the management of the Relevant Companies.

The following chart sets forth the shareholding structure of our Group upon Listing on GEM:



The shareholding of our substantial shareholder, namely Giant Winchain, and our Controlling Shareholders, namely Great Star and Universe King, have remained the same since the date of Listing on GEM. The following chart sets forth the shareholding structure of our Group as at the Latest Practicable Date and the expected shareholding structure immediately upon the listing of our Shares on the Main Board:



For the latest shareholding distribution, please refer to the paragraph headed "Share Capital — Shareholding distribution" in this listing document.

TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD

Transfer of Listing

On 26 July 2019, an application was made by the Company to the Stock Exchange in relation to the Transfer of Listing. Our Company has applied for the listing of, and permission to deal in, the 372,000,000 Shares in issue and Shares which may fall to be issued pursuant to the exercise of share options that may be but have not yet been granted under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted, on the Main Board by way of the Transfer of Listing.

Reasons for the Transfer of Listing

Our Directors are of the view that the Listing on GEM is of assistance to our Group to gain public recognition and profile. After the Listing on GEM, our Group has achieved business growth with increasing revenue and profit. Our Directors consider that since the Main Board is perceived to enjoy more premium status by investors, the Transfer of Listing, if approved and proceeded, will further promote our corporate profile and recognition among public investors and increase attractiveness of our Shares to the public investors and thus broaden our investor base and enhance the trading liquidity of our Shares. Furthermore, obtaining a listing status on the Main Board will strengthen our position in the industry and enhance our competitive strengths in retaining staff and attracting customers. Therefore, our Directors are of the view that the Transfer of Listing will be beneficial to the future growth, financing flexibility and business development of our Group which will create long-term value to our Shareholders.

As at the date of this listing document, our Board has no immediate plan to change the nature of the business of our Group following the Transfer of Listing. The Transfer of Listing will not involve any issue of new Shares by our Company.

Pre-conditions for the Transfer of Listing

The Transfer of Listing is conditional upon, among others:

(a) our Company's fulfillment of all the applicable requirements for listing on the Main Board as stipulated in the Main Board Listing Rules;

(b) the Listing Committee granting approval for the listing of, and permission to deal in on the Main Board (i) all Shares in issue; and (ii) new Shares which may fall to be issued pursuant to the exercise of share options that may be but have not yet been granted under the Share Option Scheme and any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted; and

(c) all other relevant approvals or consents required in connection with the implementation of the Transfer of Listing having been obtained, and the fulfilment of all conditions which may be attached to such approvals or consents, if any.

As at the date of this listing document, we had not adopted any share option schemes other than the Share Option Scheme.

Confirmations from our Company and our Controlling Shareholders in relation to the Transfer of Listing

Each of our Controlling Shareholders confirmed that he/it has no plan to dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those securities of our Company in which he/it is disclosed in this listing document to be the beneficial owner.

Our Company confirmed that it has no plan to raise funds within six months from the date of Transfer of Listing.

OVERVIEW

Founded in 2004, our Group is an established construction subcontractor in Hong Kong, principally engaged in subcontracting works providing (i) RMAA services; and (ii) building construction services. Our Group has been listed on GEM since 13 February 2018.

Our RMAA services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and civil works for new buildings such as lift tower, soccer field and walkways. We engaged subcontractors to assist with projects that are generally labour intensive or require specific skillset.

The following table sets forth a breakdown of our revenue by type of services provided in our projects during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000 (unaudited)	% of total revenue	HK$'000	% of total revenue
RMAA Services	379,571	88.2	431,435	81.8	648,297	73.8	186,188	83.9	211,441	69.2
Building Construction Services	50,953	11.8	95,679	18.2	230,465	26.2	35,714	16.1	93,935	30.8
Total	430,524	100.0	527,114	100.0	878,762	100.0	221,902	100.0	305,376	100.0

The follow table sets forth a breakdown of our revenue by sector during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000 (unaudited)	% of total revenue	HK$'000	% of total revenue
Public sector projects	409,202	95.0	525,844	99.8	876,840	99.8	221,140	99.7	304,544	99.7
Private sector projects	21,322	5.0	1,270	0.2	1,922	0.2	762	0.3	832	0.3
Total	430,524	100.0	527,114	100.0	878,762	100.0	221,902	100.0	305,376	100.0

During the Track Record Period, we secured new businesses mainly through participating in direct invitation to tender or request for quotation by customers on a project-by-project basis. Upon securing contracts, our project teams endeavour to ensure the work conducted by our workers and/ or subcontractors conform to contract requirements including specification, quality, safety and environmental protection and that projects are completed on schedule and within budget. During the

Track Record Period and up to the Latest Practicable Date, we had completed 15 RMAA services and two building construction services projects with awarded contract sum of more than HK$3.0 million each. As at the Latest Practicable Date, we had 12 RMAA services and three building construction services on-going projects with awarded contract sum of more than HK$3.0 million each. Further details of our projects are set out in the paragraph headed "Our projects" in this section of the listing document.

During the Track Record Period, our customers were substantially main contractors of RMAA services and building construction services projects in Hong Kong. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our top five customers accounted for approximately 93.0%, 97.0%, 98.6% and 99.7% of our total revenue, respectively. During the Track Record Period, our five largest customers have maintained business relationship with us for a period ranging from three to 15 years.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, the percentage of our Group's cost of services attributable to our five largest suppliers in aggregate was approximately, 3.0%, 2.5%, 1.9% and 2.8% respectively. During the Track Record Period, we had no material shortage of materials. For the year ended 31 March 2019, our five largest suppliers have maintained business relationship with us for a period ranging from two to 14 years. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, the percentage of the total cost of services attributable to the largest subcontractor amounted to approximately 9.8%, 9.4%, 10.2% and 9.1% of the total cost of services respectively, while the percentage of the total cost of services attributable to the five largest subcontractors combined amounted to approximately 24.5%, 24.5%, 28.8% and 27.5% of the total cost of services, respectively. For the same period, our five largest subcontractors have maintained business relationship with us for period ranging from one to 13 years.

COMPETITIVE STRENGTHS

We believe we have stayed ahead of our competitors by having the following competitive strengths:

Established track record and reputation in the construction industry

Our Group has been operating in the construction industry in Hong Kong since 2005 and has undertaken various types of contracts covering different districts in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, our Group completed 15 RMAA services projects and two building construction services projects with awarded contract sum of more than HK$3.0 million each. Through the projects completed over the years, our Group has accumulated vast experience in executing RMAA services and building construction services projects. Our Directors believe that the quality services consistently provided by us has gradually built up our Group's reputation in the industry.

Long-term relationships with some of our major customers, suppliers and subcontractors

We have established long-term business relationships with some of our major customers during the Track Record Period, including Pacific Extend, Chun Wo, Citylink Design and Build Limited and Cheung Hing Construction Company Limited, each for over six years. Our Directors believe that our long-term relationships with some of our major customers reflect positively on our Group as a valued working party to their projects.

We have established long-term business relationships with some of our major suppliers during the Track Record Period, including Tai Hing Steel Company Ltd, Man Cheong Metals and Building Materials Co., Ltd, Chuen Fung Wooden Doors Limited and Speed Well Building Material, each for over ten years. Our Directors believe that established business relationships with our material suppliers help ensure the quality of materials supplied to us and allow our Group to have adequate supply of materials especially when there is a limited supply situation.

We have also established long-term business relationships with some of our major subcontractors during the Track Record Period, including Wai Tak Engineering Limited and Far Smart Engineering Limited, each for over nine years. Our Directors believe that an established relationship with subcontractors is a strength and edge in maintaining our competitiveness in the market and helps ensure quality, stability and efficiency of our operations.

Experienced and professional management teams

We have an experienced and professional management with extensive operational expertise and in-depth understanding of the RMAA and building construction services markets in Hong Kong, which allows us to be informed of market trends when formulating our market position and developing business strategies.

One of our executive Directors, Mr. CK Tsang, who is also the co-founder of our Group, has over 17 years of experience in the construction industry and Mr. MP Tsang, the other co-founder of our Group, has over 23 years of experience in the construction industry. Please refer to the section headed "Directors, Senior Management and Employees" in this listing document for the qualifications and experience of our Directors.

Our project management teams have industry and technical knowledge in RMAA and building construction services, and our technical employees have the practical skills and experience. Our project management staff have relevant industry experience and possess relevant professional qualifications as required for the construction works. As at the Latest Practicable Date, all of our project managers possess relevant qualification to supervise our RMAA and building construction services. Some of our technical staff including quantity surveyors and foremen have been working with us for over eight years. We believe their project management experience and technical knowledge in RMAA and building construction services market would facilitate the efficient and timely implementation and management of our projects.

We believe the combination of our management's expertise and knowledge of the construction industry in Hong Kong, together with our qualified and experienced project management and technical staff have been and will continue to be our valuable assets, which will enable us to take up projects of various scale and building type and fulfil our customers' requirements. For further details of our management experience and qualifications, please refer to the section headed "Directors, Senior Management and Employees" in this listing document.

We are committed and are able to maintain safety standards

We place considerable emphasis on safety standards. In 2016, our Group received the Bronze Award Recognising Excellence in safety for safe subcontractor award 2016 by Lighthouse Construction Industry Charity. In 2019, Double Gain was awarded the Silver Prize and Outstanding Performance in Work at height Safety Prize in Construction Industry Safety Award Scheme 2018–2019 by the Labour Department. In addition, according to the F&S Report, it is common for work injuries in the construction industry. During the Track Record Period, our Group recorded one accident in May 2019 in the course of our provision of services. For further details, please refer to the paragraph headed "Litigation and claims — Potential claims against our Group — Accident happened on 28 May 2019" in this section of the listing document.

BUSINESS STRATEGIES

Our Group's key business strategies have remained unchanged since the Listing on GEM.

We intend to strengthen our market position and increase our market share by pursuing the following strategies:

Continue to strengthen our market position in the industry and expand our market share in Hong Kong

With reference to the F&S Report, the size of the Hong Kong construction market increased from approximately HK$336.7 billion in 2014 to approximately HK$468.5 billion in 2018, representing a CAGR of approximately 8.6%. In 2018, the RMAA services market accounted for approximately 16.5% of the total construction market size. The construction market size is expected to increase to approximately HK$571.5 billion in 2023, representing a CAGR of approximately 4.1% from 2018 to 2023. While the construction market is expected to grow, our Group only held approximately 0.5% and less than 0.1% of the market share in 2018 in the RMAA and the building construction services markets, respectively, and we plan to continue to strengthen our capacity in undertaking further RMAA and building construction services projects in Hong Kong. Given that we have been invited to submit tenders and provide quotation for a large number of projects, our Directors consider that our Group has opportunities to expand our business.

Further strengthening our manpower

We believe that a strong team of employees equipped with the relevant industry knowledge and experience is crucial to our continuing success. In addition, the involvement of our Directors and senior management at different stages of the projects, such as preparation and submission of tender and quotation, project implementation and execution, is crucial to complete the projects on time and to the satisfaction of our customers. Furthermore, our Directors believe that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. In order to cater for the growing demand for RMAA and building construction services, we intend to expand our labour resources by recruitment of additional staff, in particular experienced or skilled staff such as surveyors and project managers. We also plan to sponsor our staff to attend technical seminars and occupational health and safety courses organised by third parties so as to enhance our standard and quality of services.

IMPLEMENTATION OF BUSINESS STRATEGIES AND USE OF PROCEEDS

Implementation of business strategies since the Listing on GEM

Our Group has taken active steps to strengthen our market position in the industry and expand our market share in Hong Kong since the Listing on GEM.

Since the Listing on GEM, we have continued to strengthen our market position. For example, our Group joined the Hong Kong Registered Contractors Association in February 2019 and is planning to join other similar organisations in the near future in order to further promote our Group in the industry. Our Directors are of the view that joining such organisations would provide the Group with more opportunities to expand our business. During the period from the GEM Listing Date to the Latest Practicable Date, our Group was invited by customers to submit ten tenders and provided five quotations. During the same period, our Group secured projects with aggregate awarded contract sum of approximately HK$482.6 million. With our strong backlog in RMAA and building construction services projects, our Group has achieved business growth with increasing revenue and profit after the Listing on GEM. For further details of our backlog, please refer to the paragraph headed "Our projects — Backlog" in this section of the listing document.

Since the Listing on GEM, we have also been strengthening our manpower by recruiting additional staff with relevant industry knowledge and experience. During the period from the GEM Listing Date to the Latest Practicable Date, we expanded our labour resources and recruited a total of 160 additional staff, 31 of which were recruited principally to meet manpower demand of project A6, A7 and A8 utilising the net proceeds from the Listing on GEM as disclosed in the GEM

Prospectus. The remaining 129 additional staff were funded by our internal resources to meet manpower demand of other projects. For further details of our employees, please refer to the paragraph headed "Employees" in this section of the listing document.

Our Directors are of the view that the existing implementation plans have successfully helped our Group to achieve our business strategies. Our Group will continue to apply such implementation plans in pursuit of expanding our market share and strengthening our manpower.

Use of proceeds

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

The below tables sets forth the details of our planned use of proceeds and the actual amount utilised up to 30 September 2019 and 31 October 2019 (being the latest practicable date to determine our Group's actual use of net proceeds):

	Adjusted use of net proceeds *(Note)*		**Planned use of net proceeds from the GEM Listing Date to 30 September 2019**		**Actual use of net proceeds up to 30 September 2019**		**Actual use of net proceeds up to 31 October 2019**	
	HK$ million	**%**	**HK$ million**	**%**	**HK$ million**	**%**	**HK$ million**	**%**
The recruitment and retaining of additional staff	21.2	40.9	18.8	49.9	13.1	37.4	14.0	39.0
The surety bond	23.7	45.8	16.0	42.4	15.0	42.9	15.0	41.8
Purchase of machineries and motor vehicles	2.9	5.6	2.9	7.7	2.9	8.3	2.9	8.1
Working capital	4.0	7.7	N/A	N/A	4.0	11.4	4.0	11.1
Total	51.8	100.0	37.7	100.0	35.0	100.0	35.9	100.0

Note: The adjusted allocation of net proceeds is different from the percentage of allocation of net proceeds as disclosed in the GEM Prospectus as the actual amount of net proceeds obtained from the Listing on GEM was higher than our estimation as disclosed in the GEM Prospectus. All of the surplus proceeds, which amounted to approximately HK$7.7 million, have been allocated to obtain surety bonds.

As at 30 September 2019, the unused net proceeds from the GEM Share Offer amounted to approximately HK$16.8 million comprising (i) recruitment and retaining of additional staff of approximately HK$8.1 million; and (ii) surety bond of approximately HK$8.7 million.

(i) The recruitment and retaining of additional staff

As at 30 September 2019, the actual use of net proceeds of approximately HK$13.1 million for recruitment and retaining of additional staff was less than the planned use of approximately HK$18.8 million based on the implementation plan disclosed in the GEM Prospectus, representing a difference of approximately HK$5.7 million. Such difference was mainly due to (i) the longer-than-expected time spent to seek for and recruit suitable staff in the job market for the corresponding positions; (ii) the lower-than-expected staff cost incurred to recruit certain project management staff; and (iii) resignation of certain staff and the time spent for seeking replacement resulting in the lower-than-expected additional staff costs for retaining the newly recruited staff. Our Group targeted to hire staff with specific requirements, such as skills, experience, qualifications, salary, etc., in order to fulfill designated manpower demand from project A6, A7 and A8 of 22 staff, two staff and four staff, respectively and three administrative and accounting staff to support the expanding operations of our Group. The availability of such staff in the job market was beyond the control of our Group, and therefore we spent longer-than-expected time to recruit suitable staff. From the GEM Listing Date and up to the Latest Practicable Date, we have utilised the net proceeds allocated to the recruitment and retaining of staff in accordance with the implementation plan disclosed in the GEM Prospectus. In addition, we have utilised our own internal resources for the employment of additional technical staff and site workers during this period. During the period from the GEM Listing Date to the Latest Practicable Date, we recruited a total of 160 additional staff. In accordance with the implementation plan as disclosed in the GEM Prospectus, we recruited 31 additional staff principally to meet manpower demand of project A6, A7 and A8 utilising the net proceeds from the Listing on GEM. The remaining 129 additional staff were funded by our internal resources to meet manpower demand of other projects. The Directors currently expect that the unused net proceeds allocated for the recruitment and retaining of additional staff of approximately HK$8.1 million will be fully utilised in later periods for retaining of such additional staff to meet manpower demand for existing and potential new projects in the future.

(ii) The surety bond

As at 30 September 2019, the actual use of net proceeds of approximately HK$15.0 million for surety bond was less than the planned use of approximately HK$16.0 million based on the implementation plan disclosed in the GEM Prospectus, representing a difference of approximately HK$1.0 million. From the GEM Listing Date and up to the Latest Practicable Date, our Group was required to provide surety bond of approximately HK$10.0 million in November 2018 for project A8 and approximately HK$5.0 million in August 2019 for project A14, while the other projects awarded to us only require the provision of retention money. As at the Latest Practicable Date, our Group has four tenders with an aggregate contract sum of approximately HK$704.9 million pending for results. If any of the above projects are awarded to us, the customer may require us to provide surety bond. Our Directors currently expect that the unused amount of net proceeds allocated for surety bond of approximately HK$8.7 million will be utilised in later periods for the same purpose.

(iii) Purchase of machineries and motor vehicles

As at 30 September 2019, the actual use of net proceeds of approximately HK$2.9 million for purchase of machineries and motor vehicles was in line with the planned use of approximately HK$2.9 million based on the implementation plan disclosed in the GEM Prospectus.

The future plans and the planned use of proceeds are based on the best estimation of our Directors taking into account, among others, the current market condition and the prospects of our Group's projects. The actual usage may be different subject to the actual development of our Group's business. Up to the Latest Practicable Date, our Group does not expect there will be a material change in the planned use of proceeds from that disclosed in the GEM Prospectus.

REASONS FOR THE TRANSFER OF LISTING

The Directors are of the view that the Listing on GEM is of assistance to our Group to gain public recognition and profile. After the Listing on GEM, our Group has achieved business growth with increasing revenue and profit. The Directors consider that since the Main Board is perceived to enjoy more premium status by investors, the Transfer of Listing, if approved and proceeded, will further promote the Group's corporate profile and recognition among public investors and increase attractiveness of the Shares to the public investors and thus broaden our Group's investor base and enhance the trading liquidity of the Shares. Furthermore, obtaining a listing status on the Main Board will strengthen our Group's position in the industry and enhance our Group's competitive strengths in retaining staff and attracting customers. Therefore, the Directors are of the view that the Transfer of Listing will be beneficial to the future growth, financing flexibility and business development of our Group which will create a long-term value to the Shareholders.

As at the date of this listing document, the Board has no immediate plans to change the nature of the business of our Group following the Transfer of Listing. The Transfer of Listing will not involve any issue of new Shares by the Company.

OUR SERVICES

During the Track Record Period, we mainly served as a subcontractor in RMAA and building construction services in Hong Kong. Some of our projects involved providing both RMAA and building construction services. The following table sets forth a breakdown of our revenue by type of services provided in our projects during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000 (unaudited)	% of total revenue	HK$'000	% of total revenue
RMAA Services	379,571	88.2	431,435	81.8	648,297	73.8	186,188	83.9	211,441	69.2
Building Construction Services	50,953	11.8	95,679	18.2	230,465	26.2	35,714	16.1	93,935	30.8
Total	430,524	100.0	527,114	100.0	878,762	100.0	221,902	100.0	305,376	100.0

During the Track Record Period, a significant portion of our revenue was derived from public sector projects which accounted for approximately 95.0%, 99.8%, 99.8% and 99.7% of our total revenue for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 respectively. All our revenue has been derived from services provided in Hong Kong. Set out below is a breakdown our revenue by sectors during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000 (unaudited)	% of total revenue	HK$'000	% of total revenue
Public sector projects	409,202	95.0	525,844	99.8	876,840	99.8	221,140	99.7	304,544	99.7
Private sector projects	21,322	5.0	1,270	0.2	1,922	0.2	762	0.3	832	0.3
Total	430,524	100.0	527,114	100.0	878,762	100.0	221,902	100.0	305,376	100.0

RMAA services

We have been providing RMAA services for both public sector projects and private sector projects in Hong Kong since 2005. Our main responsibilities include general upkeep, restoration and improvement of existing facilities and components of the buildings and their surroundings. In providing our RMAA services, we also procure materials for our customers and where necessary, our subcontractors to assist with the relevant projects, and ensure the works carried out by our subcontractors are in accordance with the contract specifications and our customers' requirements. During the Track Record Period, we carried out RMAA services for different organisations in the public sector such as the Hospital Authority, Hong Kong Police Force, Food and Health Bureau and the Education Bureau, through the engagement by our customers, being substantially main contractors of the relevant projects. During the Track Record Period, revenue derived from our RMAA services was approximately HK$379.6 million, HK$431.4 million, HK$648.3 million and HK$211.4 million for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively, which amounted for approximately 88.2%, 81.8%, 73.8% and 69.2% of our total revenue for the same period, respectively.

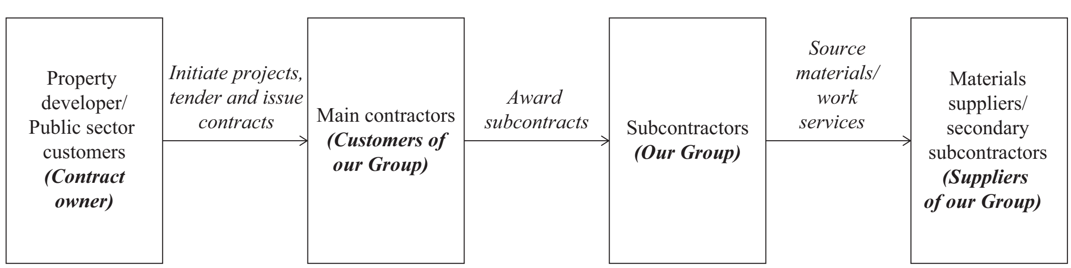
Building construction services

We have been providing building construction services for public sector projects in Hong Kong since 2011. Our main responsibilities consist of building works and civil works, such as site clearance, site formation, structure work, plastering, installation of doors, windows and floor tiles and site coordination for new buildings such as lift tower, soccer field and walkways. Our building construction services also include procuring materials and where necessary, engagement of subcontractors to assist with the relevant projects, and ensuring the works carried out by our subcontractors are in accordance with the contract specifications and our customers' requirements. During the Track Record Period, revenue derived from our building construction services were approximately HK$51.0 million, HK$95.7 million, HK$230.5 million and HK$93.9 million for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively, which amounted for approximately 11.8%, 18.2%, 26.2% and 30.8% of our total revenue for the same period, respectively.

OUR BUSINESS MODEL AND OPERATION

During the Track Record Period and up to the Latest Practicable Date, we had completed 15 RMAA services projects and two building construction services projects with awarded contract sum of more than HK$3.0 million each.

The following diagram illustrates the role of our Group as a subcontractor within our projects:



For illustration purpose, a simplified flow diagram of the key operational procedures undertaken by our Group in relation to our services is outlined below:

Project identification

↓

Tendering/Quotation submission (1–4 weeks)

- Tender/quotation review and preparation process
- Submission of tender/quotation proposed and award of contract
- Price determination

↓

Project implementation

- Formation of project team (1–2 weeks)
- Procurement of materials and equipment
- Implementation of works by direct labour and/or delegation of works to our subcontractors (subject to contract term)

↓

Completion of works

- Inspection
- Application for payment and certification

- - - - - - - - - - - - - - - - Practical completion

↓ Defect liability period (normally 12 months)

- - - - - - - - - - - - - - - - Return of retention money

Project identification

We generally identify potential projects through (i) invitation to tender; or (ii) requests for quotation, from our customers. The tender notice or quotation request generally includes a brief descriptions of the works required, expected contract period, closing time of submitting tender or providing quotation and other particulars of the project.

Tendering/Quotation submission

Tender or quotation review and preparation process

Our Group has a tendering team which consists of quantity surveyor and is led by our executive Directors, Mr. CK Tsang and Mr. MP Tsang. For details of the qualifications of Mr. CK Tsang and Mr. MP Tsang, please refer to the section headed "Directors, senior management and employees" in this listing document. Upon receiving an invitation to submit tender or quotation request, the tendering team will review the invitation for tender or quotation request with respect to the scope of work, complexity, difficulty, cost, time frame and similar projects previously completed by our Group for the evaluation of the manageability and profitability of the project.

We will also conduct a preliminary analysis and our tendering team will generally conduct risk assessment to assess whether our Group has the necessary licences, resources and funding to meet contract requirements. Results of such analysis and assessment, together with the profitability and manageability of the project, will be considered in the preparation of tender or quotation. We generally prepare tenders and/or quotations based on the estimated costs to be incurred plus a certain mark-up percentage. For our pricing strategy, please refer to the paragraph headed "Pricing strategy" in this section of the listing document. Our tender generally includes (i) form of tender; (ii) schedule of rates/bill of quantities; and (iii) summary of tender. Our quotation generally includes (i) schedule of rates/bill of quantities; (ii) description of contract work elements; and (iii) the proposed total contract value.

The process commencing from the invitation to submit tender or request to provide quotation to acceptance of our tender or quotation from customers generally takes around one to four weeks. The time taken for submission of tender or preparing quotation and award of contract is generally dependent on the size and complexity of the project.

Submission of tender or quotation proposed and award of contract

The tender or quotation for major contracts will have to be reviewed by our project quantity surveyor and approved by our management before submission.

Price determination

When we prepare our quotation for a prospective project, we will estimate the gross profit margin in terms of monetary value and percentage. Our Directors believe that the gross profit margin of a project depends on various factors, including but not limited to the scale, complexity and specifications of the projects, our capacity, the estimated project cost (which mainly includes the direct labour cost and material costs based on the preliminary quotations from our suppliers and subcontractors), historical fee we received for similar projects, the current fee level in the market and competitive conditions at the contract negotiation stage. Our tendering team will analyse the project requirements and estimate the amount of materials, labour and time required for completing the project on time. Supporting quotations from suppliers and subcontractors will also be obtained for forming our estimation. Our quotation generally contains a price list which sets out the fee in relation to each work task to be carried out.

Mr. CK Tsang and Mr. MP Tsang are responsible for determining the final price of our major projects. However, in the event that our Group is required to perform variation works which are not included in the original project specification after the project commencement, we and our customer will perform measurement and evaluation to the variation works and make adjustment to the awarded contract sum.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no incidents of significant deviation which resulted in material impact to our business operations and financial position.

After tender or quotation submission, the customer may by way of interviews or enquiries clarify with our Group the particulars of the tender or quotation. Based on the tender or quotation our Group submitted, the customer may further negotiate with our Group on the commercial and technical terms.

Upon being successful with our tender or acceptance of our quotation, the customer then confirms the award of contract to our Group in the form of letter of acceptance, purchase order, confirmed quotation or a formal contract entered into between our Group and the customer.

Project implementation

As soon as the customer formally engaged us, we will form a project team which will be responsible to formulate and submit a master programme that facilitates the overall management of the project to the customer specifying the different components of the works and the sequence and time frame proposed for carrying out the works. The implementation process includes formation of a project team, formulation of master programme, procurement of materials and equipment and implementation of works by our site workers and/or delegation of works to our subcontractors.

Formation of project team

A project team is formed for each project. In general, the project team comprises a project director, project manager, or project officer, quantity surveyor, project coordinator, safety supervisor and foremen. Our project team is responsible for formulation and submission of master programme, overall management of our project which includes arrangement of our subcontractors and sourcing of materials in accordance with the work plan and the programme as contained in the tender or other contractual document. The project team will also review the designs and provide advice to the designs as necessary. Typically, one to two weeks are spent on forming the project team.

Set out below are some general duties performed by our key personnel during the implementation stage of the projects awarded to us:

(i) *Project directors*

Mr. CK Tsang and Mr. MP Tsang are our project directors and mainly responsible for reviewing and providing company resources of overall planning, implementation and supervision of the projects, selection of appropriate personnel, suppliers and subcontractors for execution of the projects and provision of support and resources required to maintain safe and healthy working conditions to the projects. For further details in relation to the qualification background of Mr. CK Tsang and Mr. MP Tsang, please refer to the section headed "Directors, Senior Management and Employees" in this listing document.

(ii) *Project manager*

Our project manager is accountable to the project director. The project manager is responsible for appointing site staff, managing and controlling the operation of the project, assessing the qualification and experience of project staff and ensuring compliance with contractual and statutory requirement.

(iii) *Project officer*

Our project officer is mainly responsible for supervising at construction sites to ensure works are carried out in accordance with specifications and drawings, checking all machineries and plants, including power and hand tools, to ensure all machineries and plants are in good conditions, planning, directing, organising and controlling activities of a construction project, developing and implementing quality control programs, coordinating with material and supply chain management under the instruction of a project director and project manager, and regularly reporting to the project manager on the project status.

(iv) *Quantity surveyor*

Our quantity surveyor is mainly responsible for cost planning throughout the entire life cycle of the project from tendering or providing quotation to post-completion, such as keeping the project on time and within the budget and ensuring that construction costs and production are managed as efficiently as possible. The quantity surveyor is also responsible for preparing payment application and final account, preparing subcontractors' payment and executing site measurement works.

(v) *Project coordinator*

Our project coordinator is accountable to the project manager. The project coordinator is responsible for reviewing customer requirements, informing related staff about the amended service requirements, supervising workers on site, procuring materials, equipment and plant required, supervising and coordinating the works of subcontractors, inspecting fieldworks, monitoring work progress and communicating with our foremen about each project's detailed operations.

(vi) *Safety supervisor*

Our safety supervisor is mainly responsible for assisting our registered safety officers in carrying out their duties, supervising the observance of the workers of the safety standards, arranging and carrying out health and safety inspection programme and monitoring the safety performance of the supervising staff and our subcontractors.

(vii) *Foreman*

Our foremen are mainly responsible for supervising workers at the construction sites to ensure works are carried out in accordance with specifications and drawings, checking all machineries and plants, including power and hand tools to ensure all machineries and plants are in good conditions, and arranging the supply of materials. Foremen report to the project manager on the project status and issues.

Procurement of materials and equipment

We generally purchase required materials for carrying out our works from suppliers and purchase or lease equipment where necessary for our projects. Generally, our suppliers would send the materials we purchased to the work site directly. Common materials include steel, aluminium, wooden door, glass, plaster and tile. Our Group determined the quantity of materials to be stored at the site based on the work schedule, and all materials sourced will be stored at the work site for direct utilisation. Our Group does not usually keep any materials as our inventory as such materials are procured on a project-by-project basis in accordance with the project specifications. Depending on the nature of works and/or in the event that it is cost-effective for our subcontractor to directly provide such materials, our subcontractor may source the materials. The cost of such materials as provided by our subcontractors are included in our subcontracting costs. Nevertheless, our Directors are of the view that, in order to ensure the quality of the materials to be used meets our customer's expectations and conforms to contractual requirements, our Group may purchase certain materials for our subcontractors. Normally, settlement of payments are made monthly with one to 60 days credit period by cheque. We have established working relationships with our suppliers and do not foresee any material difficulties in sourcing materials in the future.

To ensure the quality of our services, we have procedures for selecting and engaging suppliers from our list of approved suppliers as detailed in the paragraph headed "Suppliers — Selection of suppliers" in this section of the listing document.

Some of the building construction services in our projects require the use of machinery and equipment. We generally rent the required machinery and equipment from our supplier based on the specific requirement and complexity of each project. Depending on the project, our subcontractors may be required to equip themselves with the necessary machinery and equipment for carrying out their works. For details on the arrangement for machinery, please refer to the paragraph headed "Suppliers" in this section of the listing document.

Implementation of works by direct labour and/or delegation of works to our subcontractors

In some of our projects, we delegate parts of the construction works to our subcontractors. The works we subcontract to our subcontractors are generally labour intensive or require specific skillset, such as demolition, waterproofing, painting, installation of doors, windows, floor tiles and playground equipment. To ensure high quality of work, we, in general, discourage our subcontractors to further subcontract the works. With the engagement of our subcontractors, our Directors believe that we are able to diversify our risks and focus on quality assurance. Our

Directors further believe that we can better monitor the project as subcontracting reduces the need for our Group to monitor a large number of works with different skills. Moreover, we can better manage our resources as for some of our projects, specific skillset and techniques may be required and our Group, as a general builder, may not possess such skillset and techniques.

Completion of works

Inspection

In the course of implementation and execution of our projects, our project team will conduct quality check and inspection on all works completed on a regular basis to ensure that the works performed by our Group and our subcontractors comply with the requirements as set out in the relevant contract. Our customers may also conduct inspection from time to time.

During the Track Record Period, we had not experienced any (i) cost overrun and project extension or delay; and (ii) cancellation, suspension or delay in the commencement of public sector projects and therefore no financial impact arisen from the above.

Application for payment and certification

In general, we apply to our customers for payments approximately every one to 80 days according to the value of work completed. Our customers will then certify the value of work completed based on the amount of work done as agreed between the quantity surveyor from our Group and our customers, and make payments to us according to the certified value of work from one to 30 days after the issuance of invoice by us. In general, we regard a project as practically completed (excluding the defect liability period) once our customers certified our works as completed.

Practical completion and commencement of defect liability period

We are generally subject to a defect liability period after completion of works, and we are responsible for rectifying all defective works under our scope of work at our own expense during such period. The defect liability period, normally 12 months, commences upon the date of practical completion. During the Track Record Period, our Directors confirmed that there was no material claim or complaint brought against our Group by our customers and the cost incurred for rectifying defective works was immaterial.

Return of retention money and surety bonds

Our customers usually has the right to withhold not more than 10% of the progress payment due to us as retention money to secure the due performance of our Group. In general, the total amount of retention money will not exceed 5% of the awarded contract sum. Retention money would usually be released after three to 12 months after defect liability period.

Our customers may, on a project-by-project basis, require our Group to provide performance guarantee to the customer or surety bonds issued by a bank or insurance company in an amount ranging from 10–25% of the total contract sum upon the project being awarded to us. The performance guarantee or surety bonds provided by our Group will be released upon the issuance of the practical completion certificate. During the Track Record Period and up to the Latest Practicable Date, our Group had provided surety bonds in an aggregate amount of approximately HK$15.0 million in favour of our customers. During the Track Record Period, our Group has not received any material claims from any customers, banks or insurance companies in relation to any compensation paid to our customers under our surety bonds.

PRICING STRATEGY

We generally set our tender and/or quotation price on a project-by-project basis based on the estimated costs to be incurred plus a certain mark-up percentage.

We estimate the cost of undertaking a project by reference to various factors including but not limited to (i) the estimated number and types of workers required; (ii) the difficulties of the works involved; (iii) the estimated number and types of machines required; (iv) the availability of our manpower and resources; (v) the completion time requested by our customers; (vi) material costs; (vii) the need for subcontracting; (viii) the overall cost in undertaking the project; (ix) the historical prices offered to the customer; and (x) the prevailing market conditions. If the project is expected to involve the use of subcontractors, we may also obtain subcontractor's preliminary quotation for the estimation of cost. The mark-up percentage may vary from project to project due to (i) the size of the project; (ii) the likelihood of any material deviation of the actual cost from the estimated cost having regard to the types and amount of labours, machineries, consumables, materials and other resources involved in our cost estimations; and (iii) the existence of any other implicit or indirect costs or factors that may be involved in undertaking the project.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material loss-making projects.

For a sensitivity analysis on cost of services, please refer to the section headed "Financial information — Cost of services" in this listing document.

OUR PROJECTS

Projects completed during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we had completed 64 projects, which consisted of 62 RMAA services projects and two building construction services projects. The table below sets forth details of our projects completed during the Track Record Period and up to the Latest Practicable Date.

Project code	Public or private sector	Particulars of project	Nature of the building	Main category of works	Project period	Awarded contract sum	Revenue recognised for the year ended 31 March			Revenue recognised for the four months ended 31 July 2019	Total revenue recognised during the Track Record Period
							2017	2018	2019		
						HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
During the Track Record Period											
Completed projects with awarded contract sum of more than HK$3.0 million each:											
R1	Public	Design and build contract of minor works to Hong Kong Government and subvented properties	Government	RMAA services	February 2009 – December 2016	72,500	16,283	1,760	306	—	18,349
R2	Public	RMAA services of toilets in NT east	Toilets	RMAA services	September 2009 – March 2017	51,112	2,056	2,225	—	—	4,281
C1	Public	Construction of a new soccer field, rugby pitch and jogging trail in NT west	Sportsground	Building construction services	August 2012 – April 2017	124,979	2,132	—	—	—	2,132
C2	Public	Construction of a new promenade	Park	Building construction services	February 2013 – September 2017	151,471	1,115	1,991	2,139	—	5,245
R3	Public	RMAA services for aided schools on Hong Kong Island and in Kowloon east	Educational	RMAA services	April 2013 – December 2017	92,780	7,806	1,854	802	—	10,462
R4	Private	Design, supply and installation of shop front, aluminium cladding and glass wall of a shopping mall	Commercial	RMAA services	August 2013 – June 2016	11,648	3,008	1,000	—	—	4,008
R5	Public	Minor and electrical works for Hong Kong Government and subvented properties in several districts of Hong Kong Island and NT west	Government	RMAA services	December 2013 – April 2019	73,480	41,674	14,616	2,427	—	58,717
R6	Public	Refurbishment of ceiling and lighting of two railway stations	Transportation	RMAA services	February 2014 – November 2016	13,800	413	—	—	—	413
R7	Public	Minor works for Hong Kong Government properties in NT west	Government	RMAA services	April 2014 – December 2017	205,700	85,815	30,405	1,548	—	117,768
R8	Public	Establishment of high voltage testing plant and facilities of a depot	Industrial	RMAA services	May 2015 – July 2016	3,080	240	—	—	—	240
R9	Private	Design, supply and installation of curtain wall system and window wall system in NT west	Commercial	RMAA services	September 2015 – January 2017	18,345	16,225	11	144	—	16,380
R10	Public	Refurbishment of toilets and pipe works of railway stations	Transportation	RMAA services	November 2015 – November 2016	7,980	5,114	—	581	—	5,695
R11	Private	Alteration and addition works for the development of a new hotel	Commercial	RMAA services	January 2015 – July 2017	17,979	3,913	—	—	—	3,913
R12	Public	Improvement works of train crew office	Transportation	RMAA services	May 2016 – April 2017	4,417	4,052	604	13	—	4,669 *(Note 1)*
R13	Public	Provision of redecoration and repair works to the sports complex of a university	Educational	RMAA services	June 2017 – October 2017	6,477	—	6,522	175	—	6,697 *(Note 1)*
R14	Public	Wide gate installation of railway station	Transportation	RMAA services	November 2017 – November 2018	3,750	—	560	3,786	—	4,346 *(Note 1)*
R15	Public	RMAA services of a school at NT east	Educational	RMAA services	November 2017 – January 2019	5,820	—	1,746	4,685	—	6,431 *(Note 1)*
47 projects with awarded contract sum of less than HK$3.0 million each						20,381	9,778	4,882	2,490	832	17,982
All completed projects						886,332	199,624	68,176	19,096	832	287,728

Note:

1. For some projects, the revenue recognised was larger than the awarded contract sum due to revenue recognised for the variation orders pursuant to the contract with our customer.

On-going projects as at the Latest Practicable Date

The following table sets forth details of our on-going projects (including projects in progress as well as contracts that have been awarded to us but not yet commenced) as at the Latest Practicable Date:

Project code	Public or private sector	Particulars of project	Nature of building	Main category of works	Expected project period	Awarded contract sum	Revenue recognised for the year ended 31 March			Revenue recognised for the four months ended 31 July 2019	Total revenue recognised during the Track Record Period	Revenue expected to be recognised after the Track Record Period *(Note 2)*
							2017	2018	2019			
						HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
On-going projects as at the Latest Practicable Date awarded on or before 31 July 2019:												
A1	Public	Design and build for Hong Kong Government and subvented properties	Government	RMAA services	April 2015 – April 2020	35,000	2,919	10,610	12,397	3,850	29,776	5,224
A2	Public	Refurbishment and conversion of a hospital	Government	Building construction services	June 2015 – January 2020	166,917	42,584	61,339	72,731	12,019	188,673 *(Note 1)*	970
A3	Public	Maintenance and repair work for a hospital	Medical	RMAA services	October 2015 – September 2019	154,939	21,626	69,405	6,227	11,468	108,726	46,418
A4	Public	RMAA services of all aided schools at NT east	Educational	RMAA services	April 2016 – December 2019	435,520	108,778	128,214	280,189	74,022	591,203 *(Note 1)*	66,878
A5	Public	RMAA services of all aided schools at NT west	Educational	RMAA services	April 2016 – December 2019	264,452	49,872	66,541	91,288	35,183	242,884	21,568
A6	Public	Superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works	Columbarium	Building construction services	December 2016 – December 2019	285,961	5,121	32,350	104,935	59,824	202,230	83,731
A7	Public	Maintenance and repair work for Hong Kong Government properties on Hong Kong Island	Government	RMAA services	April 2017 – March 2021	320,000	—	42,149	100,611	32,228	174,988	145,012
A8	Public	Maintenance and repair work for Hong Kong Government properties at NT east and outlying islands	Government	RMAA services	April 2017 – March 2021	615,100	—	48,330	135,723	46,442	230,495	384,605
A9	Public	Construction of reprovisioning facilities at a reservoir	Government	Building construction services	July 2018 – November 2020	174,961	—	—	50,661	22,092	72,753	102,208
A10	Public	Maintenance and repair work for Hong Kong Government properties on Hong Kong Island	Government	RMAA services	July 2018 – July 2021	69,103	—	—	3,420	836	4,256	64,847
A11	Public	Maintenance and repair work for a hospital	Medical	RMAA services	October 2018 – September 2021	105,000	—	—	1,159	6,580	7,739	97,261
A12	Public	Roof waterproofing works in Kowloon	Transportation	RMAA services	November 2018 – November 2020	6,489	—	—	325	—	325	6,164
A13	Public	Enhancement works of automated people mover and tunnel on Lantau Island	Transportation	RMAA services	October 2019 – April 2020	3,303	—	—	—	—	—	3,303
						2,636,745	230,900	458,938	859,666	304,544	1,854,048	1,028,189
On-going project as at the Latest Practicable Date awarded after 31 July 2019:												
A14	Public	Revamp of public toilet	Transportation	RMMA services	August 2019 – March 2021	113,000	—	—	—	—	—	113,000
A15	Public	Refurbishment of a building on Hong Kong Island	Transportation	RMAA services	October 2019 – December 2020	4,682	—	—	—	—	—	4,682
One project with awarded contract sum of less than HK$3.0 million						2,850	—	—	—	—	—	2,850
All on-going projects as at the Latest Practicable Date						2,757,277	230,900	458,938	859,666	304,544	1,854,048	1,148,721

Notes:

1. For some projects, the revenue recognised during the Track Record Period was larger than the awarded contract sum due to revenue recognised for the variation orders pursuant to the contract with our customer.

2. The total revenue expected to be recognised after the Track Record Period was based on the following principal assumptions:

   (i) there will be no significant changes in the existing political, legal, market or economic conditions in Hong Kong, including changes in legislations, regulations, policies or rules, which may have a material adverse effect on our business or operations;

   (ii) there will be no material changes in the bases or rates of taxation, both direct and indirect, in Hong Kong;

   (iii) there will be no material changes in inflation rate or foreign currency exchange rates in Hong Kong from those prevailing as at the date of this listing document;

   (iv) major contracts on hand will not be cancelled, nor will the actual construction costs vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;

   (v) there will be no material disputes with our customers;

   (vi) our operations and business will not be materially affected or interrupted by any force majeure events or other unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors, including natural disasters or catastrophes, epidemics or serious accidents;

   (vii) our operations and financial performance will not be materially and adversely affected by any of the risk factors as set out in the section headed "Risk Factors" in this listing document;

   (viii) we will be able to retain our key management and personnel after the Track Record Period and thereafter;

   (ix) there will be no changes in the existing accounting policies from those adopted in the preparation of our financial information during the Track Record Period;

   (x) there will be no disagreement from relevant authorities in our licences and qualifications retention process;

   (xi) all projects will be completed according to the budgeted time frame;

   (xii) there will not be material deterioration in the financing standing of our customers, suppliers and sub-contractors;

   (xiii) there will not be material changes in the physical condition of our assets (in particular, our machineries);

   (xiv) there will be no occurrences such as labour shortages, labour disputes or interruptions in the supply of third-party services, equipment, fuel, other materials or supplies that would adversely affect our operations;

   (xv) we will continue to be able to recruit sufficient qualified personnel to achieve our planned expansion and will at all times have a staffing level that will be sufficient for our operational requirements;

(xvi) the accounting policies to be adopted by us will be consistent in all material aspects with those accounting policies adopted in the Accountants' Reports in Appendix I to this listing document;

(xvii) there will not be material fluctuations in the financial markets and capital markets (including the increase or decrease in the interest rates for bank borrowings) generally; and

(xviii) the relevant contract owner, our customers and us will be able to continually obtain adequate financial resources and operate as a going concern in the foreseeable future.

Backlog

The following table sets out the movement of the number of projects with revenue contribution to us during the Track Record Period and 31 October 2019 (being the latest practicable date to determine our Group's backlog):

	As at/for the year ended 31 March			As at/for the four months ended 31 July	As at/for the three months ended 31 October
	2017	2018	2019	2019	2019
Projects brought forward from prior year/period	18	18	13	12	13
New projects awarded	18	21	18	2	2
Projects completed during the year/period	(18)	(26)	(19)	(1)	—
Projects carried forward to next year/period	18	13	12	13	15

The table below sets out the movement of contract sum (including variation orders) corresponding to the above projects during the Track Record Period and 31 October 2019 (being the latest practicable date to determine our Group's backlog):

	As at/for the year ended 31 March			As at/for the four months ended 31 July	As at/for the three months ended 31 October
	2017	2018	2019	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Outstanding contract sum as at the beginning of the financial year/period	638,031	1,428,322	1,849,809	1,329,599	1,028,189
Contract sum of new projects awarded during the year/period	1,220,815	948,601	358,552	3,966	117,682
Revenue recognised during the year/period	(430,524)	(527,114)	(878,762)	(305,376)	(314,851)
Outstanding contract sum as at the end of the financial year/period	1,428,322	1,849,809	1,329,599 *(Note)*	1,028,189 *(Note)*	831,020

Note: The outstanding contract sum as at 31 March 2019 and 31 July 2019 stated above is smaller than the amount of remaining performance obligations amounting to approximately HK$1,357.1 million (RMAA services: HK$1,081.1 million; building construction services: HK$276.0 million) and HK$1,055.4 million (RMAA services: HK$868.5 million; building construction services: HK$186.9 million) respectively as disclosed in note 6 of the Accountants' Report included in Appendix I to this listing document. This is because the backlog amount stated above only includes outstanding contract sum in respect of our on-going projects. The difference of approximately HK$27.5 million and HK$27.2 million as at 31 March 2019 and 31 July 2019 respectively was mainly attributable to certain completed projects, namely project R3, R5 and R7, in which we are awaiting for customers' endorsement on the outstanding contract sum.

As at the Latest Practicable Date, we had 16 on-going projects with total awarded contract sum of approximately HK$2,757.3 million, among which it is expected that revenue of approximately HK$1,148.7 million will be recognised after the Track Record Period. For details, please refer to the paragraph headed "On-going projects as at the Latest Practicable Date" in this section of the listing document.

Contract sum of new projects awarded during the Track Record Period

During the Track Record Period, the amount of contract sum of new projects awarded to our Group amounted to approximately HK$1,220.8 million, HK$948.6 million, HK$358.6 million and HK$4.0 million respectively. Our Group was awarded with three significant RMAA contracts, namely project A4, A5 and A6, with total contract sum (including variation orders) of approximately HK$1,208.7 million during the year ended 31 March 2017. Our Group was awarded with two significant RMAA contracts, namely project A7 and A8, with total contract sum (including variation orders) of approximately HK$935.1 million during the year ended 31 March 2018. The aforementioned five significant RMAA contracts awarded to our Group have contract period of around three to four years. To this point, our Group has already secured a significant amount of backlog which took up a huge amount of our manpower. Therefore, our Group has focused our resources on on-going projects considering our capacity and has taken a less aggressive tender strategy, which resulted in a decrease in the amount of contract sum of new projects awarded to our Group during the year ended 31 March 2019 and the four months ended 31 July 2019. We believe that the contract sum of newly awarded projects for the year ending 31 March 2020 will be higher than the year ended 31 March 2019 as some of the significant RMAA contracts will be completed by December 2019 and our Group will be more active in submitting tenders for potential projects.

Tenders submitted during the Track Record Period

During the Track Record Period, we secured new businesses mainly through invitation to tender or request for quotation by customers. The following table sets out the number of projects we submitted tender and/or quotation for and projects awarded to us during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July 2019		After the Track Record Period and up to the Latest Practicable Date	
	2017		2018		2019					
	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided	Projects Tendered for	Projects with quotation provided
Number of projects tendered for/ with quotation provided	**8**	**3**	**12**	**6**	**5**	**1**	**1**	**1**	**3**	**—**
RMAA services	6	3	10	6	4	1	—	1	—	—
Building construction services	2	—	2	—	1	—	1 (Note)	—	3 (Note)	—
Number of projects awarded	**3**	**2**	**3**	**5**	**2**	**1**	**—**	**1**	**—**	**—**
RMAA services	2	2	2	5	2	1	—	1	—	—
Building construction services	1	—	1	—	—	—	—	—	—	—
Success Rate	**37.5%**	**66.7%**	**25.0%**	**83.3%**	**40.0%**	**100.0%**	**N/A**	**100.0%**	**N/A**	**N/A**
RMAA services	33.3%	66.7%	20.0%	83.3%	50.0%	100.0%	N/A	100.0%	N/A	N/A
Building construction services	50.0%	N/A	50.0%	N/A	0%	N/A	N/A (Note)	N/A	N/A (Note)	N/A

Note: Such tenders are pending for result as at the Latest Practicable Date.

After the Track Record Period and up to the Latest Practicable Date, we have submitted three tenders with aggregate contract sum of approximately HK$372.1 million. As at the Latest Practicable Date, such tenders are pending for results.

To procure projects from our customers, we monitor the term contracts, tender notices and other relevant information published on, including but not limited to, the websites of Architectural Services Department, Education Bureau and Hospital Authority from time to time. In addition, we also received invitations to tender and requests for quotations from our customers directly.

Our historical success rates may not be reflective of our future success due to our non-discriminatory strategy in submitting tender and providing quotation. Historically, our Directors would respond to tender invitations or quotation requests by submitting tenders or providing quotations irrespective of the likelihood of being awarded as long as the projects matched our scope of services. The number of projects for which we tendered or provided quotation for increased from 11 for the year ended 31 March 2017 to 18 for the year ended 31 March 2018. The success rate decreased from approximately 45.5% for the year ended 31 March 2017 to approximately 44.4% for the year ended 31 March 2018. The number of projects for which we tendered or provided quotation for decreased to 6 for the year ended 31 March 2019. The success rate increased from approximately 44.4% for the year ended 31 March 2018 to approximately 50.0% for the year ended 31 March 2019. Our Group tendered for one project and provided quotation for one project for the four months ended 31 July 2019. The project that we tendered for has a proposed contract sum of approximately HK$332.7 million and is pending for result as at the Latest Practicable Date while the project which we provided quotation has been awarded to us. For our risks in relation to our historical success rates, please refer to the paragraph headed "Risk Factors — Risks relating to our business" in this listing document for further details.

CUSTOMERS

Major customers

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, the percentage of our total revenue attributable to our largest customer amounted to approximately 54.9%, 41.0%, 42.5% and 49.7% respectively, while the percentage of our total revenue attributable to our five largest customers combined amounted to approximately 93.0%, 97.0%, 98.6% and 99.7% respectively.

The followings set out the profile of our five largest customers for each of the financial year/ period during the Track Record Period:

For the year ended 31 March 2017

Customer	Revenue	Approximate percentage to the revenue of our Group for the year	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Pacific Extend	236,267	54.9	Subsidiaries of SOCAM Development Limited (stock code: 983), a company listed on the Main Board and principally engaged in property development and investment with revenue from construction contract amounted to over HK$4,900 million for the year ended 31 December 2018.	Hong Kong	RMAA services	30 days, by cheque	6
Chun Wo	81,339	18.9	Subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board and principally engaged in construction work, property development and investment and professional services; revenue of the listed parent company from construction work amounted to over HK$7,300 million for the year ended 31 March 2019.	Hong Kong	RMAA and building construction services	30 days, by cheque	15
HLT Construction Co., Ltd	49,872	11.6	A private company founded in 2015 and mainly focused on construction works for government projects and private sector addition and alteration works.	Hong Kong	RMAA services	30 days, by cheque	3
Citylink Design and Build Limited	16,283	3.8	A private company founded in 2008, acting as subcontractor to conduct design and build work for government minor works projects.	Hong Kong	RMAA services	30 days, by cheque	10
Sing Fat Construction Co., Ltd	16,225	3.8	A subsidiary of Yat Sing Holdings Limited (stock code: 3708), a company listed on the Main Board and acting as main contractor of government and private construction projects; revenue of the listed parent company amounted to over HK$415 million for the year ended 30 June 2019.	Hong Kong	RMAA services	30 days, by cheque	4

For the year ended 31 March 2018

Customer	Revenue	Approximate percentage to the revenue of our Group for the year	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Chun Wo	215,967	41.0	Subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board and principally engaged in construction work, property development and investment and professional services; revenue of the listed parent company from construction work amounted to over HK$7,300 million for the year ended 31 March 2019.	Hong Kong	RMAA and building construction services	30 days, by cheque	15
Pacific Extend	173,234	32.9	Subsidiaries of SOCAM Development Limited (stock code: 983), a company listed on the Main Board and principally engaged in property development and investment with revenue from construction contract amounted to over HK$4,900 million for the year ended 31 December 2018.	Hong Kong	RMAA services	30 days, by cheque	6
HLT Construction Co., Ltd	66,541	12.6	A private company founded in 2015 and mainly focused on construction works for government projects and private sector addition and alteration works.	Hong Kong	RMAA services	30 days, by cheque	3
Chee Cheung Hing Maintenance Co., Limited	42,149	8.0	A private company founded in 1972 and mainly focused on construction services relating to waterworks, drainage and road works in Hong Kong.	Hong Kong	RMAA services	30 days, by cheque	3
Cheung Hing Construction Company Limited	13,393	2.5	A private company founded in 1958 which provides RMAA and building construction services in Hong Kong.	Hong Kong	RMAA services	30 days, by cheque	10

For the year ended 31 March 2019

Customer	Revenue	Approximate percentage to the revenue of our Group for the year	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Chun Wo	373,229	42.5	Subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board and principally engaged in construction work, property development and investment and professional services; revenue of the listed parent company from construction work amounted to over HK$7,300 million for the year ended 31 March 2019.	Hong Kong	RMAA and building construction services	30 days, by cheque	15
Pacific Extend	287,840	32.8	Subsidiaries of SOCAM Development Limited (stock code: 983), a company listed on the Main Board and principally engaged in property development and investment with revenue from construction contract amounted to over HK$4,900 million for the year ended 31 December 2018.	Hong Kong	RMAA services	30 days, by cheque	6
Chee Cheung Hing Maintenance Co., Limited	100,611	11.4	A private company founded in 1972 and mainly focused on construction services relating to waterworks, drainage and road works in Hong Kong.	Hong Kong	RMAA services	30 days, by cheque	3
HLT Construction Co., Ltd	91,288	10.4	A private company founded in 2015 and mainly focused on construction works for government projects and private sector addition and alteration works.	Hong Kong	RMAA services	30 days, by cheque	3
Cheung Hing Construction Company Limited	13,516	1.5	A private company founded in 1958 which provides RMAA and building construction services in Hong Kong.	Hong Kong	RMAA services	30 days, by cheque	10

For the four months ended 31 July 2019

Customer	Revenue	Approximate percentage to the revenue of our Group for the period	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Chun Wo	151,846	49.7%	Subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board and principally engaged in construction work, property development and investment and professional services; revenue of the listed parent company from construction work amounted to over HK$7,300 million for the year ended 31 March 2019.	Hong Kong	RMAA and building construction services	30 days, by cheque	15
Pacific Extend	74,858	24.5%	Subsidiaries of SOCAM Development Limited (stock code: 983), a company listed on the Main Board and principally engaged in property development and investment with revenue from construction contract amounted to over HK$4,900 million for the year ended 31 December 2018.	Hong Kong	RMAA services	30 days, by cheque	6
HLT Construction Co., Ltd	35,183	11.5%	A private company founded in 2015 and mainly focused on construction works for government projects and private sector addition and alteration works.	Hong Kong	RMAA services	30 days, by cheque	3
Chee Cheung Hing Maintenance Co., Limited	32,228	10.6%	A private company founded in 1972 and mainly focused on construction services relating to waterworks, drainage and road works in Hong Kong.	Hong Kong	RMAA services	30 days, by cheque	3
Cheung Hing Construction Company Limited	10,429	3.4%	A private company founded in 1958 which provides RMAA and building construction services in Hong Kong.	Hong Kong	RMAA services	30 days, by cheque	10

Our Directors confirmed that none of our Directors, their close associates or any Shareholder who or which, to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company had any interest in any of our five largest customers for each of the financial years during the Track Record Period. All the above five largest customers during the Track Record Period are Independent Third Parties.

Our Directors are of the view that the credit quality of our customers which are private companies are acceptable because (i) we have long established business relationship with most of our top five customers that are private companies during the Track Record Period; (ii) during the Track Record Period, most of the contract sum for the projects awarded from our customers which are private companies were government projects of which our customers were directly engaged by the Hong Kong Government; and (iii) we recorded good payment history with no default in payment with those customers. As at the Latest Practicable Date, approximately 85.8% of the trade receivables as at 31 July 2019 from our top five customers that are private companies were subsequently settled. The unsettled balance was wholly arising from a project which our Group was under negotiation with the customer on the amount of work being certified. Our Directors are of the view that such amount will be substantially recoverable. Our Group recognised allowance for credit losses of approximately HK$53,000 for such balance under the lifetime ECL assessment HKFRS 9.

We believe we have been a good working party of our major customers to their projects, and a majority of them have been cooperating with us for over four years. Such long-term business relationships benefited our Group in securing our sources of revenue during the Track Record Period.

Our Directors confirm that during the Track Record Period, we did not enter into any long-term agreement with our customers and our Group did not have any material dispute or claim with any of our customers.

Customer concentration

Our top five customers accounted for approximately 93.0%, 97.0%, 98.6% and 99.7% of our total revenue for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, Pacific Extend, being our largest customer during Track Record Period, accounted for approximately HK$236.3 million, HK$173.2 million, HK$287.8 million and HK$74.9 million, representing approximately 54.9%, 32.9%, 32.8% and 24.5% of our total revenue, respectively and our second largest customer, Chun Wo, accounted for approximately HK$81.3 million, HK$216.0 million, HK$373.2 million and HK$151.8 million, representing approximately 18.9%, 41.0%, 42.5% and 49.7% of our total revenue, respectively. During the Track Record Period, seven and 14 projects were awarded to us by Pacific Extend and Chun Wo respectively. The aggregate number of our on-going projects as at 31 July 2019 (including projects in progress as well as projects that have been awarded to us but not yet commenced) and projects that were awarded to us from 1 August 2019 to the Latest Practicable Date was 16. Out of the 16 on-going projects, two and six were awarded by Pacific Extend and Chun Wo respectively. Our Directors consider that despite such concentration of customers, our business model is still sustainable after taking into account the following:

1. According to the F&S Report, the parent companies of Pacific Extend and Chun Wo are two of the five largest players in the RMAA services market in Hong Kong. We have maintained a relationship with Pacific Extend and Chun Wo since 2013 and 2005, respectively. Chun Wo consists of entities which are subsidiaries of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Stock Exchange, the group of which is engaged in core construction business and was founded in 1968 with market capitalisation of over HK$1.5 billion as at the Latest Practicable Date. Pacific Extend is a subsidiary of SOCAM Development Limited (stock code: 983),

a company listed on the Stock Exchange, the group of which was established in 2004 with market capitalisation of approximately HK$0.7 billion as at the Latest Practicable Date.

2. Due to the abovementioned relationships and our long term relationship with certain of our major customers as set out in the paragraph headed "Customers — Major customers" in this section of the listing document, we have therefore been inclined to accommodate to the demands of our major customers for our services as far as our resources allowed. During the Track Record Period, taking into account our available capacity at the time, we prioritised our resources to cater to our major customers' demand of our services for maintaining business relationship with them, which gave rise to the concentration situation. The outstanding contract sum as at 31 July 2019 for projects in respect of Pacific Extend and Chun Wo amounted to approximately HK$131.9 million and HK$617.9 million, respectively. In the event that demand for our services from our major customers decreases or ceases in the future, our Directors consider that we will have spare capacity and sufficient time to undertake as well as are confident that we will be able to secure other projects from other customers.

3. We have demonstrated our ability to obtain sizable projects from other customers who are approved main contractors of public sector projects. In April 2017, a RMAA services project of awarded contract sum of approximately HK$320.0 million was awarded to us by Chee Cheung Hing Maintenance Co., Limited. In October 2018, another RMAA services project of awarded contract sum of approximately HK$105.0 million was awarded to us by Cheung Hing Construction Company Limited.

4. According to the F&S Report, due to scale of operation, small-to-medium sized subcontractors such as our Group prefer to undertake contracts which produce a relatively stable revenue stream and facilitate the planning of resources by subcontractors. Therefore, small-to-medium sized subcontractors generally take up only one or few contracts which generate numerous work orders and contribute a substantial portion of their revenue. Since small-to-medium sized subcontractors such as our Group only possess the capacity to undertake a limited number of sizable contracts at the same time, it is inevitable for them to serve only a few major customers during the relevant contractual periods. Therefore, our Directors consider that our Group's reliance on Pacific Extend and Chun Wo is consistent with the industry norm. Further, according to the F&S Report, high customer concentration is generally common in the subcontractor sector in public RMAA services market in Hong Kong. It is also common for subcontractors to have few customers which accounted for a significant portion of their revenue.

5. According to the F&S Report, the revenue of construction works in Hong Kong experienced a growth at a CAGR of approximately 8.6% from 2014 to 2018, and is expected to continue to grow from 2018 to 2023. Our Directors believe that we would be able to maintain a stable revenue growth in view of the following growth drivers, details of which are set out in the paragraph headed "Industry Overview — Drivers of the construction market in Hong Kong" in this listing document:

   (i) *Strong demand for housing*

   The total population of Hong Kong residents is climbing at a stable pace and Hong Kong has introduced several plans to attract talents since 2015.

   (ii) *Increasing expenditure on infrastructure and housing*

   The increasing expenditure on infrastructure and housing would drive the property development market.

   (iii) *Increasing land supply*

   Land supply policies in Hong Kong were criticised for causing the problem of housing shortage and rising housing prices. According to the 2019–20 Land Sale Program, which is announced by Development Bureau of the Hong Kong Government about land supply and land sales arrangement in regards to market conditions, the total potential private housing land supply in 2019–20 is estimated to have a capacity to produce approximately 15,540 flats. The Hong Kong Government is firmly committed to sustaining a steady land supply through a multi-pronged approach to meet the housing and socio-economic development needs of the community, which will drive the construction market in the long term.

   On the basis of the above, our Directors believe that there are plenty of market opportunities in the construction services industry available for our Group to further develop our customer base in the long run.

Contra charge arrangement with our customers

As confirmed by our Directors, it is common in the industry for a main contractor to deduct from its payment to the subcontractors various expenses incurred by the main contractor on behalf of its subcontractors when settling its service fees for the project. Such payment arrangement is referred to as "contra charge arrangement" and the amounts involved are referred to as "contra charge".

During the Track Record Period, we had contra charge arrangement with some of our customers. Such contra charge included purchase cost of materials and other miscellaneous expenses.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, 12, 12, 14 and ten, of our projects were under contra charge arrangement, respectively. Our purchase cost of materials for the relevant projects and other miscellaneous expenses were settled by way of contra charge to the account with the relevant customer. Effectively, the payments due to us from our customers would be settled after netting off the contra charge amounts.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our contra charge amounted to approximately HK$20.3 million, HK$25.7 million, HK$45.9 million and HK$20.4 million respectively, representing approximately 5.1%, 5.3%, 5.6% and 7.2% of our total cost of services for the same period respectively. During the Track Record Period, as confirmed by our Directors, we had no material dispute with our customers as regards the contra charge arrangement and the contra charge amounts involved. In addition, as we settled the contra charge by netting off with the payments due from our customers, both cash inflows from the project work done and cash outflows from the purchase of materials or the payment on miscellaneous expenses were reduced by the same amount. Therefore, the contra charge arrangement also had no material impact on our cashflow positions during the Track Record Period.

The following table sets forth a breakdown of the contra charge amounts by customers during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July 2019	
	2017		2018		2019			
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
Pacific Extend	3,938	19.4	2,631	10.2	3,520	7.7	1,077	5.3
Chun Wo	16,031	79.2	19,962	77.6	37,524	81.7	18,022	88.5
Others	282	1.4	3,141	12.2	4,899	10.6	1,269	6.2
	20,251	100.0	25,734	100.0	45,943	100.0	20,368	100.0

Principal terms of engagement with our customers

Our customers generally have a standard form of contract containing common terms and conditions under which our Group would provide its services on a project-by-project basis and variation may be made in accordance with our customers' requests. Set out below are the major terms and conditions.

(i) ***Scope of work***

The scope of services and type of works to be carried out by our Group are specified in the contract.

(ii) ***Contract period***

Based on the completion timeline as set out in each contract, the contract period may be extended by our customers from time to time pursuant to the terms of the contract.

(iii) ***Contract sum and settlement term***

The initial sum for carrying out the scope of work, calculated with reference to the rates and prices in the schedule of rates in the contract taking into account the quantities and unit prices of materials and the amount and cost of labour to be used. We are required to submit interim payment applications to our customers, usually on a monthly basis. The credit term is generally 30 days from the date of invoice issued to our customers.

(iv) ***Variation orders***

Our customers may from time to time during the contract period order us to make variations to our works. We charge our customers for variation works separately from the awarded contract sum for the relevant project. The variations are usually valued by (i) referencing to the rates and prices in the schedule of rates in the contract; or (ii) a separate quotation to be agreed upon. During the Track Record Period, revenue attributable to variation orders amounted to approximately HK$25.1 million, HK$2.6 million, HK$26.8 million and HK$9.8 million, respectively. The following table sets forth a breakdown of revenue attributable to variation orders during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July 2019	
	2017		2018		2019			
	HK$ million	%	HK$ million	%	HK$ million	%	HK$ million	%
Project A2	8.7	34.7	1.6	61.5	24.0	89.6	9.8	100.0
Project R9	6.9	27.5	—	—	0.1	0.4	—	—
Others	9.5	37.8	1.0	38.5	2.7	10.0	0.0	0.0
	25.1	100.0	2.6	100.0	26.8	100.0	9.8	100.0

The fluctuation of revenue attributable to variation orders are mainly dependent on the quantity of ad-hoc requests from our customers. During the Track Record Period, revenue attributable to variation orders was mainly resulting from project A2 and R9. For project A2, the variation orders were mainly related to additional hospital wards as requested by the customer. For project R9, the variation orders were mainly related to installation of additional windows and glass as requested by the customer.

(v) ***Insurance***

Our customers are responsible for all-risk, third party and employees' compensation insurance at the construction site against damages, claims and compensation in respect of the persons who are employed (including those employed by subcontractors) to work at the construction site. Our Group is responsible for risks not covered by our customers and against our tools, machinery and vehicles.

(vi) ***Retention monies and defect liability period***

The contract generally provides for a sum to be held up by our customers to secure the due performance of our Group. Generally, the amount of money to be held up is up to 10% of the value of works certified in each progress payment. Defect liability period is usually 12 months after the completion of the project.

(vii) ***Personal guarantee/Surety bond***

Some of our customers require personal guarantee or surety bond ranging from 10% to 25% of the awarded contract sum.

(viii) ***Liquidated damages***

Subject to the terms of the extension of the contract period, if applicable, we may be required to compensate our customers for delays in the completion of our works. Compensation, if any, is calculated on a case-by-case basis.

(ix) ***Management fee***

Our customers provide overall project management and administrative services for some of our projects and charge approximately 5% to 42% of the awarded contract sum. According to the F&S Report, it is not uncommon in the Hong Kong construction industry for main contractors to charge its subcontractors certain management fee like that charged by our customers.

(x) ***Advances from customers***

During the Track Record Period, advances may be granted by our customers with interest rates ranging from 7.25% to 8.375% per annum. Advances received from customers mainly represent advances from customers for purchases of materials for contract works. According to F&S Report, main contractors sometimes may pay advances to subcontractors to alleviate the financial burden of the subcontractors and facilitate smooth initiation of the project.

(xi) ***Termination of the contract***

If our customers' main contractors' engagement is being terminated before our Group has fully performed our obligations under contracts with our customers, our customers may at any time thereafter by written notice to us forthwith terminate our engagement as subcontractor and we shall be entitled to be paid the full value of all work properly executed under the contract.

If our Group fails to execute the work under the contract, without prejudice to any other rights to remedies, our customers may by written notice forthwith terminate our contract and our Group may be required to indemnify our customers for any loss arising from the termination.

SUPPLIERS

Suppliers of goods and services, which are specific to our business and are required on a project-by-project basis to enable us to continue to carry on our business, mainly include (i) suppliers of materials required for performing construction service works such as steel, aluminium, wooden door and glass; and (ii) suppliers of other miscellaneous services such as the transportation of construction waste, the rental of machineries, testing and surveying of the quality of materials.

We generally place orders with our suppliers on a project-by-project basis and we do not enter into any long-term contract with our suppliers. The terms of our supply contracts mainly include the type of materials or services, price, quantity and payment terms. We select suppliers mainly based on: (i) quality of materials; (ii) timeliness of delivery; (iii) previous experience with the supplier; and (iv) reputation of the supplier. We are provided by our customers with the standard requirements of the materials and we are liable for the quality of our projects. We are able to choose our own suppliers for our projects.

Major suppliers

The followings set out the profile of our five largest suppliers for each of the financial year/period during the Track Record Period:

For the year ended 31 March 2017

Supplier	Purchases by us from our supplier	Approximate percentage to the total cost of services	Principal business activities	Principal place of business	Type of goods or services purchased by us from the supplier	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Tai Hing Steel Company Ltd	2,637	0.7	Processing and trading of steel	Hong Kong	Steel	60 days, by cheque	14
東莞市中耀鋼結構有限公司	2,514	0.6	Design, installation and trading of steel works and metals	The PRC	Steel	30 days, by bank transfer	6
Man Cheong Metals and Building Materials Co., Ltd	2,352	0.6	Trading of metals and materials	Hong Kong	Materials	30 days, by cheque	14
Chuen Fung Wooden Doors Limited	2,305	0.6	Trading of wooden doors	Hong Kong	Wooden doors	30 days, by cheque	13
South Star Glass Limited	2,017	0.5	Trading of glass	Hong Kong	Glass	30 days, by cheque	7

For the year ended 31 March 2018

Supplier	Purchases by us from our supplier	Approximate percentage to the total cost of services	Principal business activities	Principal place of business	Type of goods or services purchased by us from the supplier	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Tai Hing Steel Company Ltd	3,894	0.8	Processing and trading of steel	Hong Kong	Steel	60 days, by cheque	14
Chuen Fung Wooden Doors Limited	2,257	0.5	Trading of wooden doors	Hong Kong	Wooden doors	30 days, by cheque	13
Ocean Carpet Eng. Co.	2,135	0.4	Trading of carpet	Hong Kong	Carpet	30 days, by cheque	2
Man Cheong Metals and Building Materials Co., Ltd	1,974	0.4	Trading of metals and materials	Hong Kong	Materials	30 days, by cheque	14
Speed Well Building Material	1,721	0.4	Trading of metals and materials	Hong Kong	Materials	30 days, by cheque	11

For the year ended 31 March 2019

Supplier	Purchases by us from our supplier	Approximate percentage to the total cost of services	Principal business activities	Principal place of business	Type of goods or services purchased by us from the supplier	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Tai Hing Steel Company Ltd	4,717	0.6	Processing and trading of steel	Hong Kong	Steel	60 days, by cheque	14
Speed Well Building Material	3,420	0.4	Trading of metals and materials	Hong Kong	Materials	30 days, by cheque	11
東莞市中耀鋼結構有限公司	3,393	0.4	Design, installation and trading of steel works and metals	The PRC	Steel	30 days, by bank transfer	6
Chuen Fung Wooden Doors Limited	2,614	0.3	Trading of wooden doors	Hong Kong	Wooden doors	30 days, by cheque	13
Ocean Carpet Eng. Co.	1,820	0.2	Trading of carpet	Hong Kong	Carpet	30 days, by cheque	2

For the four months ended 31 July 2019

Supplier	Purchases by us from our supplier	Approximate percentage to the total cost of services	Principal business activities	Principal place of business	Type of goods or services purchased by us from the supplier	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Tai Hing Steel Company Ltd	2,975	1.1	Processing and trading of steel	Hong Kong	Steel	60 days, by cheque	14
Speed Well Building Material	1,749	0.6	Trading of metals and materials	Hong Kong	Materials	30 days, by cheque	11
Chuen Fung Wooden Doors Limited	1,218	0.4	Trading of wooden doors	Hong Kong	Wooden doors	30 days, by cheque	13
Ocean Carpet Eng. Co.	1,153	0.4	Trading of carpet	Hong Kong	Carpet	30 days, by cheque	2
Sun Kong Engineering Limited	988	0.3	Processing and trading of stainless steel product	Hong Kong	Stainless steel	30 days, by cheque	3

For further details regarding the cost of services, please refer to the paragraph headed "Financial Information — Cost of services" in this listing document.

During the Track Record Period, we did not experience any material fluctuation on prices of materials and services or any material shortage or delay in the supply of goods and services that we required. Our Directors consider that we are generally able to pass on substantial increase in purchase costs to our customers as we generally take into account our overall costs of undertaking a project when determining our pricing.

Selection of suppliers

Our Group maintains a pre-approved list of suppliers from which we select our suppliers. During the Track Record Period, none of the suppliers were removed from our pre-approved list of suppliers due to the poor quality of materials supplied to us or works performed for us. The credit terms are generally 30 to 60 days.

We have not entered into any long-term agreements or committed to any minimum purchase amount with our suppliers as we normally purchase materials on a project-by-project basis.

Our Directors confirm that during Track Record Period, our Group did not have any material dispute or claim with any of our suppliers.

SUBCONTRACTORS

We generally engaged our subcontractors on a project-by-project basis and we do not enter into any long-term contract with our subcontractors. The works we subcontract to our subcontractors are generally labour intensive or require specific skillset, such as demolition, waterproofing, painting, installation of doors, windows, floor tiles and playground equipment.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, the percentage of the total cost of services attributable to our largest subcontractor amounted to approximately 9.8%, 9.4%, 10.2% and 9.1% respectively, while the percentage of the total cost of services attributable to the five largest subcontractors combined amounted to approximately 24.5%, 24.5%, 28.8% and 27.5%, respectively. Accordingly, our Directors confirmed that during the Track Record Period, our Group was not dependent on any single subcontractor.

The following set out the profile of our five largest subcontractors for each of the financial year/period during the Track Record Period:

For the year ended 31 March 2017

Subcontractor	Subcontracting fees charged	Approximate percentage to our total cost of services	Principal business activities	Principal place of business	Type of goods or services purchased by us from the subcontractors	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	(%)					
Winwell Incorporation Limited	39,155	9.8	Construction services	Hong Kong	Building work	30 days, by cheque	3
Well On Development Limited	18,296	4.6	Construction services	Hong Kong	Building work	30 days, by cheque	3
Forever Fortune (Hong Kong) Limited	14,833	3.7	Construction services	Hong Kong	Building work	30 days, by cheque	3
Far Smart Engineering Limited	13,172	3.3	Electrical works	Hong Kong	Electrical works	30 days, by cheque	9
Wai Tak Engineering Limited	12,231	3.1	Painting	Hong Kong	Painting	30 days, by cheque	13

For the year ended 31 March 2018

Subcontractor	Subcontracting fees charged	Approximate percentage to our total cost of services	Principal business activities	Principal place of business	Type of goods or services purchased by us from the subcontractors	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	(%)					
Winwell Incorporation Limited	45,739	9.4	Construction services	Hong Kong	Building work	30 days, by cheque	3
Forever Fortune (Hong Kong) Limited	22,523	4.6	Construction services	Hong Kong	Building work	30 days, by cheque	3
Far Smart Engineering Limited	21,767	4.5	Electrical works	Hong Kong	Electrical works	30 days, by cheque	9
Well On Development Limited	16,604	3.4	Construction services	Hong Kong	Building work	30 days, by cheque	3
Cheung Lee Decoration Limited	12,675	2.6	Painting	Hong Kong	Painting	30 days, by cheque	5

For the year ended 31 March 2019

Subcontractor	Subcontracting fees charged	Approximate percentage to our total cost of services	Principal business activities	Principal place of business	Type of goods or services purchased by us from the subcontractors	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	(%)					
Winwell Incorporation Limited	83,461	10.2	Construction services	Hong Kong	Building work	30 days, by cheque	3
Far Smart Engineering Limited	49,122	6.0	Electrical works	Hong Kong	Electrical works	30 days, by cheque	9
Forever Fortune (Hong Kong) Limited	37,077	4.5	Construction services	Hong Kong	Building work	30 days, by cheque	3
Golden Smart Construction Engineering Limited	33,542	4.1	Construction services	Hong Kong	Building work	30 days, by cheque	2
Well On Development Limited	32,908	4.0	Construction services	Hong Kong	Building work	30 days, by cheque	3

For the four months ended 31 July 2019

Subcontractor	Subcontracting fees charged	Approximate percentage to our total cost of services	Principal business activities	Principal place of business	Type of goods or services purchased by us from our subcontractors	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
	HK$'000	%					
Winwell Incorporation Limited	25,846	9.1	Construction services	Hong Kong	Building work	30 days, by cheque	3
Far Smart Engineering Limited	23,568	8.3	Electrical works	Hong Kong	Electrical works	30 days, by cheque	9
Subcontractor A	11,335	4.0	Marble and plaster work	Hong Kong	Marble and plaster work	30 days, by cheque	1
Forever Fortune (Hong Kong) Limited	8,666	3.1	Construction services	Hong Kong	Building work	30 days, by cheque	3
Golden Smart Construction Engineering Limited	8,411	3.0	Construction services	Hong Kong	Building work	30 days, by cheque	2

Our Directors confirm that during the Track Record Period, our Group did not have any material dispute or claim with any of our subcontractors.

During the Track Record Period, we did not experience any material fluctuation on prices of subcontracting costs or any material shortage in the availability of subcontractors that we required. Our Directors consider that we are generally able to pass on substantial increase in subcontracting costs to our customers as we generally take into account our overall costs of undertaking a project when determining our pricing.

Save for Speed Well Building Material, which was interested by Mr. CK Tsang and Mr. MP Tsang, our Directors confirmed that none of our Directors, their close associates or any Shareholder who or which, to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company as at the Latest Practicable Date had any interest in any of our five largest suppliers and subcontractors for each of the financial years during the Track Record Period. All our five largest suppliers and subcontractors during the Track Record Period are Independent Third Parties. For details, please refer to the paragraph headed "Financial Information — Related party transactions" in this listing document.

Principal terms of engagement of our subcontractors

Our Group generally enters into subcontracting agreements with our subcontractors on a project-by-project basis. Our contracts with our subcontractors generally require our subcontractors to observe the requirements and provisions of the relevant parts of the contracts with our customers and/or quotation. Our Directors are of the view that such arrangements with our subcontractors are in line with the industry practice and can minimise our liability. The key terms of which are set out below:

(i) ***Scope of work***

The scope of work our Group subcontracts out can be classified into (i) labour only; and (ii) labour and materials. For agreements specifying labour only, the subcontractors are only required to provide the requisite labour and our Group will provide other materials needed to subcontractors to enable them to carry out the works delegated.

(ii) ***Project duration***

The project period with the month of commencement and completion of the project is stated under the contract. Under normal and controllable situation, our subcontractors are required to complete the project within the given period on the contract. To make sure the project is completed within the contract period, our subcontractors are required to report regularly to our foreman or project officer about the progress of the construction site.

(iii) ***Subcontracting fee and settlement term***

Our subcontractors quote the subcontracting fee to our Group on a contract by contract basis. For the case where our subcontractors are required to equip themselves with the necessary materials and machinery, such costs are generally included in the awarded contract sum.

Our subcontractors submit payment applications from time to time upon which a quantity surveyor will certify the works completed by our subcontractors and payment, after deducting any management fee and contra charge to be retained by our Group, will be made.

(iv) ***Rights and obligation of our subcontractor***

Our subcontractors are generally required to comply with relevant terms and conditions in our work orders and perform their works in accordance with the relevant specifications in our work orders.

(v) ***Defect liability/maintenance period***

Our Group generally requires a defect liability period of 12 months, which is in line with the contract with our customers, during which our subcontractors are responsible to rectify all works defects identified by us or our customers.

If our customers identify work defects, they will require us to rectify the defects and we will seek rectification from our subcontractors accordingly.

(vi) ***Prepayments to subcontractors***

We made prepayments to some of our subcontractors for contract works.

(vii) ***Renewal/termination of the contract***

Our Group has the rights to terminate the subcontractor contract with our subcontractors under the situation that our subcontractors (i) cannot complete the subcontractor contract within the given period stated on the contract; or (ii) commit a serious breach of the regulations stated on the subcontractor contract with our subcontractors and still cannot make any improvement after verbal or written warnings from our Group.

Reasons for subcontracting arrangement

Subcontracting of works is a usual practice in the Hong Kong construction industry. As the entire process of construction project involves different kinds of works, we may subcontract some of our works as: (i) it may not be cost effective for us to directly undertake each of the works involved; (ii) there are some parts of the project that require specific licence and expertise such as foundation work; and (iii) we may not have full capacity to undertake certain portions of a project. In addition, subcontractors can provide additional labours with different skills without the need for us to keep them under our employment.

In such subcontracting arrangements, we may provide materials to our subcontractors or require our subcontractors to bear the cost of materials, depending on our agreements with our subcontractors on a case-by-case basis, and we will take a supervisory role to monitor the works performed by our subcontractors at the construction site.

Basis of selecting subcontractors

We maintain a list of approved subcontractors who have been assessed and approved by us, from which we select our subcontractors. Our assessment may include (i) evaluating of subcontractors' recent performance; (ii) reviewing third-party assessments or certification held by our subcontractor; (iii) assessing whether our subcontractor has sufficient resources and skills to fulfil the specific requirements; (iv) reviewing their requisite licences and registrations; and (v) reviewing the quotation and/or subcontracting fee provided. Our subcontractors are neither our employees nor agents and we are not a party to the employment arrangement between our subcontractors and their employees.

We will from time to time review and update our internal list of approved subcontractors according to their performance assessment. During project implementation, our project managers will meet with the engaged subcontractors and closely monitor their work progress and performance. The contracts entered into between our Group and our subcontractors provide that our subcontractors are required to observe all the requirements and provisions of our tender document.

MATERIALS

Materials are sourced by our customers under contra charge arrangement or by our Group and/or our subcontractors depending on the nature and requirements of the project. Materials mainly include steel, aluminium, wooden door, glass, plaster and tile. Our Group determines the quantity of materials based on the work schedule and size of the work site, and all materials sourced are stored at the work site for direct utilisation. During the Track Record Period, our Group did not keep any inventory.

SALES AND MARKETING

During the Track Record Period, our business opportunities arose mainly from tender invitations or quotation requests from various main contractors. We do not rely on marketing and promotional activities to secure new projects.

We currently do not maintain a sales and marketing team. We have established relationships with our existing customers. Mr. CK Tsang and Mr. MP Tsang, our executive Directors and certain members of our senior management, are generally responsible for maintaining our relationships with our customers and keeping abreast of market developments and potential business opportunities.

We have registered with the Subcontractor Registration Scheme, a scheme under which our name is posted on a website which is readily assessable by the public and thus enhance our visibility.

Our Directors believe that our past performance will continue to support our reputation in the industry.

Seasonality

Our Directors believe that in general the construction industry in Hong Kong does not exhibit any significant seasonality. Nevertheless, the demand for RMAA services for schools in the summer is higher since students are out from school for summer holidays.

QUALITY CONTROL

Quality control on projects

We are liable for the works carried out by our Group and our subcontractors. We ensure that each project is completed in accordance with the specifications set out for the project.

Our project officer is responsible for supervising the overall daily activities including those executed by our subcontractor in accordance with the construction programme. In addition, our project manager will monitor the activities and project status and note for any issues arising from the execution of the project. Our project manager will timely inform our project directors on the project status and matters of concerns. For details, please refer to the section "Directors, Senior Management and Employees" in this listing document.

For our quality control measure over our suppliers and our subcontractors, please refer to the paragraphs headed "Suppliers — Basis of selecting subcontractors" in this section of the listing document for further details.

Mr. CK Tsang and Mr. MP Tsang, are our project directors as well as responsible for our Group's quality assurance on projects. For details of their biographical information, please refer to the section headed "Directors, Senior Management and Employees" in this listing document.

During the Track Record Period and up to the Latest Practicable Date, there are no disputes between our Group and our customers in respect of the quality of work performed by us or our subcontractors.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety measures

We place emphasis on occupational health and work safety in providing RMAA and building construction services. We have adopted an occupational health and safety system as required by relevant occupational health and safety laws, rules and regulations. Due to the inherent nature of works in construction sites which very often involves working at height and usage of mechanical equipment and machinery, construction workers are constantly subjected to risks of accidents or injuries:

— All members of our direct labour and our subcontractors' labour are required to wear required safety equipment, including safety helmet, which must also meet the safety standard, for entering construction site;

— The performance of all equipment, devices and tools must be checked for safety before use;

— All subcontractors must report safety incidents to us;

— Our staff and our subcontractors' workers entering project sites are required to observe the occupational health and safety measures and our policy. Subcontractors must ensure their workers work safely and care for others;

— We reserve the right to expel worker who violates our safety policy from construction site; and

— All workers are required to attend site safety briefing sessions and trainings before they commence work on-site. Topics of safety training typically cover safety procedures for performing different types of work.

As at the Latest Practicable Date, we had two safety supervisors who were responsible for regularly visiting and inspecting the performance of our works.

We have put in place an internal policy setting out the procedures for recording, handling and reporting all work-related accidents and injuries to the Commissioner of Labour. The key procedures are as follows:

— Upon occurrence of a work-related accident, it shall be reported to our on-site foreman and/or project manager. Details of the injury, including the date, time, location, causes, identity of the injured person, shall be gathered by our on-site foreman and/or project manager and shall be properly recorded by our administrative staff.

— We shall submit notification of the accident to the Commissioner of Labour by filling in the prescribed form in accordance with Employees' Compensation Ordinance within 14 days after we become aware of the accident and the injury, or, in case of a fatal accident, within seven days.

— All correspondences with the Labour Department shall be provided to the relevant customer and/or the relevant insurer.

During the Track Record Period and up to the Latest Practicable Date, save for the incidents disclosed under the paragraph headed "Litigation and claims — Potential claims against our Group" in this section of the listing document, our Group did not record any work-related accidents or injuries.

ENVIRONMENTAL MATTERS

Our Group's operations are also subject to certain environmental requirements pursuant to laws in Hong Kong, including primarily those in relation to air pollution control, noise control and waste disposal. For details of the regulatory requirements in relation to environmental protection, please refer to the section headed "Regulatory Overview" of this listing document.

Our Group has adopted measures and work procedures governing environment protection compliance that are required to be followed by our workers. Such measures and procedures concerning mainly air pollution and noise control include, amongst other things: (i) dust suppression by use of water; (ii) use of low-dust techniques and equipment as required by our customers; and (iii) inspection and maintenance of all equipment before use for compliance of permitted noise level.

During the Track Record Period, our Group generally used machineries that were environmentally friendly.

During the Track Record Period, the aggregate annual cost of compliance with applicable environmental laws and regulations in Hong Kong (including mainly construction waste disposal and air pollution and noise control cost) was approximately HK$4.7 million, HK$2.4 million, HK$3.3 million and HK$1.4 million respectively.

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group owned one domain name in Hong Kong. Details of our Group's intellectual property rights are set out in the paragraph headed "B. Further information about the business — 2. Intellectual property rights" in Appendix IV to this listing document.

As at the Latest Practicable Date, we were not involved in any proceedings with regard to, and we have not received notice of any claims of, infringement of any intellectual property rights that may be threatened or pending in which we may be involved either as a claimant or respondent.

INSURANCE

Pursuant to section 40 of the Employees' Compensation Ordinance (Chapter 282, Law of Hong Kong), all employers (including contractors and subcontractors, full-time and part-time employees) are required to take out insurance policies to cover their liabilities under the Employees' Compensation Ordinance and at common law for their injuries at work).

Save as disclosed under paragraph headed "Non-compliance" below, our Directors confirmed that our RMAA and building construction services were covered and protected by the employees' compensation insurance and contractor's all risks insurance taken out by the main contractor for the entire construction project. Such insurance policies covered and protected all employees of main contractors and subcontractors of all tiers working in the relevant construction site, and works performed by them in the relevant construction site.

We maintain insurance policies to protect our offices against a range of contingencies, including, among others, loss and theft of, and damage to, our property, machinery and equipment and motor vehicle. We also maintain personal and work-related injury insurance for our Directors and employees at our offices.

Our Directors believe that our current insurance policies provide sufficient coverage of the risks to which we may be exposed to and are in line with the industry norm. During the Track Record Period, our insurance expenses were approximately HK$5.6 million, HK$4.3 million, HK$7.3 million and HK$2.0 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not made and did not make or had not been the subject of any material insurance claim.

EMPLOYEES

As at the Latest Practicable Date, we had 304 employees who were directly employed by our Group in Hong Kong. A breakdown of our employees by function is set forth below:

	As at 31 March			As at 31 July	As at the Latest Practicable
	2017	2018	2019	2019	Date
Management	12	22	22	22	17
Administration and finance	7	14	13	13	13
Technical staff	22	47	113	134	141
Site workers	61	61	102	120	133
Total	102	144	250	289	304

Relationship with staff

Our Directors consider that we have maintained good relationship with our employees in general. We had not experienced any significant problems with our employees or any disruption to our operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period.

Recruitment policies

We generally recruit our employees from the open market through placing recruitment advertisement and referral.

We endeavour to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

Training and remuneration policy

We entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of Hong Kong. The remuneration offered to employees generally includes salaries and bonuses. In general, we determine salaries of our employees based on each employee's qualification, position and seniority. We provide various types of trainings to our employees and sponsor our employees to attend training courses. For details, please refer to the paragraph "Occupational health and safety" in this section of the listing document.

PROPERTIES

As at the Latest Practicable Date, we did not own any property and we leased the following property for our operations:

Address	Landlord	Use of the property	Key terms of the tenancy agreement
Room 1323A, Level 13 Landmark North 39 Lung Sum Avenue Sheung Shui the New Territories Hong Kong	SHK Sheung Shui Landmark Investment Limited	Office	Two years from 10 April 2019 to 9 April 2021

MAJOR QUALIFICATIONS, LICENCES, CERTIFICATIONS AND COMPLIANCE

To ensure that our Group is able to obtain and maintain all necessary licences, qualifications and certifications for our operation in Hong Kong promptly, we maintain records which set out their relevant information including their respective expiry dates. Our administration department is responsible for making submissions to the relevant authorities before the expiry of the licences, qualifications and certifications and checking all applicable requirements are complied with to ensure that we maintain valid licences, qualifications, and certifications for the services we render to our customers.

As confirmed by our Directors, save as disclosed under paragraph headed "Non-compliance" below, our Group has complied with all applicable laws, rules and regulations in all material aspects in Hong Kong and maintained all the necessary licences, qualifications and certifications which are required to carry on our Group's activities in Hong Kong as at the Latest Practicable Date. Our Directors confirm that we have not experienced any refusal of renewal or revocation of the licences, qualifications and certifications necessary for our operations during Track Record Period and up to the Latest Practicable Date.

As at the Latest Practicable Date, we had obtained the following licences and qualifications in relation to our business in Hong Kong:

Relevant Hong Kong Government departments or public organisation	Category	Granted to	Date/month of First Grant/ Registration	Expiry date for existing licence
Construction Industry Council	Registered Subcontractor	Double Gain	6 July 2010	5 July 2023
Buildings Department	Registered Minor Works Contractors (Classes II and III) *(Note)*	Double Gain	18 December 2012	18 December 2021
Buildings Department	Registered General Building Contractors	Double Gain	20 October 2016	23 September 2022
Electrical and Mechanical Services	Registered Electrical Contractor	Double Gain	10 July 2017	9 July 2020

Note: Class II comprises those of comparatively lower complexity and risk to safety while Class III mainly includes common household minor works. Double Gain is registered under Classes II and III for carrying out different types of minor works, including Type A (Alteration & Addition Works), Type B (Repair Works), Type C (Works relating to Signboards), Type D (Drainage Works), Type E (Works relating to Structure and Amenities), Type F (Finishes works) and Type G (Demolition Works). Please refer to the section headed "Regulatory Overview" in this listing document for further details.

AWARDS AND RECOGNITIONS

The following table summarises the awards and recognitions obtained by us in recent years:

Year of grant	Award or recognition	Granted by	Description
2016	Bronze Award Recognizing Excellence in Safety for Safe Subcontractor Award 2016	The Lighthouse Club The Construction Charity	In recognition of the excellent safety management during the execution of works
2019	Silver Prize/Outstanding Performance in Work-at-height Safety Prize in the Minor Renovation and Maintenance Works-subcontractor Category	The Labour Department and key stakeholders of the construction industry	In recognition of good occupational safety and health performances

COMPETITION

During the Track Record Period, over 90% of our Group's revenue was derived from public sector projects. Having considered that public sector projects are initiated by the Hong Kong Government, our Directors are of the view that demand for the construction services provided by our Group is generally in line with the stable and consistent demand from the Hong Kong Government for construction services for public properties and facilities. According to the F&S Report, the revenue of overall RMAA services and building construction services in the public sector is expected to increase with a CAGR of approximately 5.6% and 4.5% respectively from 2018 to 2023, as a result of, among others, stable budgets from the Hong Kong Government for expenditure on construction works. The size of the Hong Kong construction market increased from approximately HK$336.7 billion in 2014 to approximately HK$468.5 billion in 2018, representing a CAGR of 8.6%. In 2018, the RMAA services market accounted for the approximately 16.5% of the total construction market size. The construction market size is expected to increase to approximately HK$571.5 billion in 2023, representing a CAGR of 4.1% from 2018 to 2023.

For further information regarding the competitive landscape of the industry in which our Group operates, please refer to the section headed "Industry Overview" in this listing document.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

During the Track Record Period, we assessed and managed the risks arising from our operations based on the experience of our management and our professional and technical staff. Key risks relating to our business are set out in the section headed "Risk Factors" in this listing document. In order to improve our internal control and risk management system in the future, we have established the following on-going process for identifying, evaluating and managing the significant risks faced by our Group. The key procedures that we have established and implemented are summarised as follows:

(i) risks will be identified by our management team and reviewed by our Board;

(ii) action plan will be considered, so long as the risk is required to be addressed and mitigated;

(iii) our Board will monitor regulatory compliance by our Group. Further risk may be identified through communications among the heads of different departments and from public information; and

(iv) we have appointed Innovax Capital Limited as our compliance adviser (with effect from the GEM Listing Date) to give advice to our Board on regulatory compliance with the GEM Listing Rules and the SFO.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, save as the non-compliances set out below, we had complied with the applicable laws and regulations in Hong Kong in all material respects.

MPF Incident

During the Track Record Period, a total of 31 ex-employees/employees were underpaid in their MPF contribution. In addition, our Group failed to file and submit to the MPF trustee the year-end bonus payment for 23 employees in 2017. The internal control adviser (the "**Internal Control Adviser**") appointed by us in May 2017 found that the said non-compliances were due to the misunderstanding of the relevant contribution requirements by the human resources and administrative staff of our Group who was responsible for handling MPF matters at the relevant time. While the non-daily rated employees were enrolled in the Industry Scheme, the method of calculating MPF contribution for those employees are the same as that under the Master Trust Scheme (i.e. both employers and employees are required to contribute 5% of the employees' relevant income, totalling 10%). However, our human resources and administrative staff calculated the MPF contribution amounts for the non-daily rated employees based on the daily wage scheme and was also not aware that information regarding the year-ended bonus payments are also required to be filed and submitted for the purposes of calculating the amount for MPF contribution.

Our Directors confirmed that they had no direct or willful involvement in the above non-compliances. On the other hand, we had in July 2017 made payments for the underpaid MPF contributions to the MPF trustee in aggregate sum of approximately HK$59,125.15 for the employees and ex-employees in connection with the above non-compliances.

As advised by our Legal Counsel, prosecutions of the said non-compliances are time-barred by the operation of section 43B(4) of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

Based on the above, our Directors are of the view that the above non-compliances (i) have been rectified before the Listing on GEM; and (ii) have not had and will not have a material adverse effect on our business, results of operations and financial conditions.

To prevent the reocurrence of the subject non-compliance incident, the following measures have been implemented by us since May 2017:

(i) we have provided our human resources and administrative staff with relevant MPF requirements;

(ii) a manual in relation to the calculation of MPF and the administration under the Mandatory Provident Fund Schemes Ordinance has been maintained since July 2017 which is monitored by our human resources and administrative staff; and

(iii) we have required our compliance officer to oversee our compliance with the relevant laws and regulations.

Tax Incident

In the course of preparing the financial statements of our Group for the year ended 31 March 2017, it came to our Directors' attention that there had been certain discrepancies in the tax returns of Double Gain previously filed with the Inland Revenue Department (the "**IRD**"). The Internal Control Adviser found that such discrepancies had been attributed to accounting discrepancies within the statutory financial statements of Double Gain of our Group for the relevant years (the "**Discrepancies**"). The Discrepancies relate to the differences in cut-off adopted for the recognition of revenue and project costs between (i) the stage of completion method, which measures revenue and project costs based on the percentage of works completed for a certain project during a year; and (ii) the invoice method, which measures revenue and project costs based on actual invoiced amounts in a given year. As a result, certain revenue and the corresponding project costs incurred during (a) the periods of certain years ended 31 March 2014 and (b) the years ended 31 March 2015 and 2016, were incorrectly recognised in different periods of the statutory financial statements. As such, our Group made certain accounting adjustments on the opening balance of retained earnings brought forward as at 1 April 2014 (i.e. adjusted for errors prior to 1 April 2014) and our profit for the years ended 31 March 2015 and 2016 to recognise revenue and direct costs, including the corresponding retention monies and amounts due from (to) customers for contract work, of all projects undertaken by Double Gain during the relevant financial years according to the stage of completion method.

Our Directors confirm that the Discrepancies did not involve intentional misconduct, fraud, dishonesty or corruption on the part of our Directors and senior management.

In connection with the above non-compliance, our Group voluntarily disclosed the Discrepancies which led to the assessable profits under-reported and submitted revised tax computations for the years of assessment 2013/14 and 2014/15 to the IRD by way of a tax refiling which were done with the assistance of a reputable international accounting firm before the Listing on GEM. The IRD accordingly conducted additional tax assessment and in March 2018, sent our Group notices of additional assessment demanding final tax for the years of assessment 2013/14 and 2014/15 requesting our Group to settle additional tax liabilities (the "**Additional Tax Liabilities**") of approximately HK$2.6 million and approximately HK$0.9 million while the IRD refunded us approximately HK$0.9 million being the amount which our Group was overcharged for the years of assessment 2015/16. Subsequently, our Group fully settled the Additional Tax Liabilities in April 2018.

As advised by our Legal Counsel, under section 80(2), section 82 or section 82A of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), the IRD may prosecute our Group if it considers that our Group made incorrect returns by omitting or understating anything in respect of which our Group is required to make a return without reasonable excuse. However, since our Group had duly settled in April 2018 the Additional Tax Liabilities imposed by the IRD on basis of our defaults as mentioned above; and the IRD chose to impose additional tax in lieu of prosecution, the matters had been finally disposed of and no further action will be taken by the IRD against our Group.

Based on the above opinion, our Directors are of the view that the above non-compliance has not had and will not have a material adverse effect on our business, results of operations and financial conditions.

Since the Discrepancies were attributed to the inadvertent oversight of our accounting staff and the audit of the statutory financial statements of our Group for the Relevant Periods by our then auditors, to prevent the reocurrence of the subject non-compliance incident, the following measures have been implemented by our Group since May 2017:

(i) we have appointed Mr. Kwong Chun Ming Alex, a certified public accountant, as our chief financial officer to oversee the accounting function of our Group. The management accounts and financial information prepared by our staff in the finance department are required to be reviewed by our chief financial officer before approval by our Directors;

(ii) we have updated our accounting policies and financial reporting manual specifying the revenue recognition policies and the procedures describing the flow of process and the relevant approvals to be obtained;

(iii) we have appointed APEC RISK MANAGEMENT LIMITED ("**IC Consultant**") as our internal control consultant in May 2018 to monitor the implementation of our internal control policies regarding financial reporting through regular reviews;

(iv) our audit committee has been overseeing and advising on the sufficiency and effectiveness of the financial reporting and internal control procedures in accounting and financial matters;

(v) we have engaged a reputable international accounting firm with sufficient experience and knowledge as tax representative to handle tax related matters and tax filing, to facilitate the efficiency and accuracy of the handling of tax computation and tax return, as well as queries from the IRD;

(vi) we have engaged a reputable international accounting firm to ensure that we are in compliance with the requirements of relevant accounting standards and achieve a true and fair view when preparing the consolidated financial statements of our Group; and

(vii) we have provided regular accounting and taxation training to our accounting staff, especially on topics in relation to revenue recognition and tax compliance.

A summary of other key findings of our IC Consultant, on our internal controls and its recommendations and implementation of remedial measures are set out in the table below:

Key findings	Recommendations	Implementation of remedial measures
Undocumented trail of review for policies regarding human resources management since July 2017	It is recommended that the management of our Group review the policies regarding recruitment, termination, leave application, code of conduct and the employees' handbook at least annually. Any update should be effectively communicated to all staff once the amendments are approved by the management. A log should be maintained to record all historical alterations of our employee's handbook.	Policies regarding human resources and our employees' handbook have been reviewed by our Directors in July 2019. The review was documented in the log. The next review is scheduled to be no later than July 2020.
Insufficient testing of backup data of IT systems	It is recommended that our Company shall (i) perform data retrieval test at least monthly; and (ii) maintain a log to record any backup made and the results of data retrieval tests. The log should be reviewed by the management monthly.	Data backup and retrieval tests were performed monthly and documented by the external IT support team. The tests results and the log were reviewed by the management on a monthly basis.

LITIGATION AND CLAIMS

Concluded Claims and Litigations against our Group

During the Track Record Period and as at the Latest Practicable Date, our Group had been or was involved in certain claims and litigations.

Set out below are the details of the criminal charges against a member of our Group during the Track Record Period and up to the Latest Practicable Date:

Particular of the charges	Relevant laws and regulations	Penalty imposed
Double Gain was on 18 January 2017 charged by the Labour Department for alleged failure to ensure that the suspended working platform is not used for carrying persons unless every person carried on it is wearing a safety belt that is attached to the safety equipment and Double Gain was acquitted on 8 September 2017	Sections 15(2) and 29(1) of the Factories and Industrial Undertakings (Suspended Working Platforms) Regulations (Chapter 59AC of the Laws of Hong Kong)	Nil (acquitted)

Particular of the charges	Relevant laws and regulations	Penalty imposed
Double Gain was on 3 February 2017 charged by the Labour Department and on 23 May 2017 convicted for two occasions of failure to take adequate steps to prevent a person on site from falling from a height of two metres or more	Sections 38B(1A), 68(1)(a) and 68(2)(g) of the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong)	HK$30,000 (total for both convictions)

As at the Latest Practicable Date, we had duly paid the above fines and our Directors are of the view that the amount of the fines was not material to our Group.

Each of the above incidents was discovered by the Labour Department during their irregular inspections conducted at the workplace of our Group. Our Directors believe that the above charges had resulted from deviation from the relevant safety requirements by workers who were less experienced or with weaker safety awareness. To prevent the reocurrence of breach of laws, our Group has required our staff and our subcontractors' workers to observe our occupational health and safety measures, policies and mechanisms, and to attend site safety briefing sessions and trainings before they commence work on-site. Since June 2017, an accident register was established by our Group to record the date, types and details of accident, the injured person, compensation paid and insurance claim details, and a safety violation register to record the date, types and details of violated regulations, the involved workers and their subordinated contractors, as well as the amount of fine paid. Each register shall be reviewed monthly by our executive Director and the safety supervisors to monitor subcontractors and workers' discipline and to ensure the relevant safety rules and regulations are being complied with.

Potential claims against our Group

We recorded two accidents in the course of our provision of services which gave rise or may give rise to potential personal injury claim and/or employees' compensation claim against our Group during the Track Record Period and up to the Latest Practicable Date.

Accident happened on 28 May 2019

The injured person may commence his claim under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and/or his personal injury claim under common law within the limitation period of two years (for employee's compensation claims) and three years (for personal injury claims) from the date of the relevant accident. The following table sets out the details of the potential employees' compensation claim and potential personal injury claim:

Nature of incident	Capacity of plaintiff	Limitation period of potential claim against us	Status
A worker alleged that he tripped on the ground and sustained left front leg injury when he was working at Hong Ning Road Park, Kowloon, Hong Kong	Our employee	Employee's compensation claim: expire on 28 May 2021	A Form 2 was filed with the Labour Department
		Personal injury claim: expire on 28 May 2022	Our Legal Counsel advised that as the worker is covered by the insurance policy taken out by the main contractor, if the potential employee's compensation and/or potential personal injury claim proceed(s), the insurance company will be ultimately responsible for settling the damages claimed. In the event that the amount of compensation exceeds the insurance coverage, our Group shall be responsible for settling the shortfall. Our Directors believe that the insurance maintained by the main contractor should be sufficient to cover the potential claim.

Accident happened on 19 July 2019

One of our employees alleged that he suffered from bee sting when he was working at the Tai Po Waterfront Park, the New Territories, Hong Kong. A Form 2B was filed in relation thereto with the Labour Department on 23 July 2019. Our Legal Counsel advised, and our Directors believed, that this matter had been settled as evidenced by Labour Department's letter dated 25 July 2019 and that our said employee had signed to confirm his forbearance to sue on 23 August 2019.

Save as disclosed in this listing document, during the Track Record Period and up to the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

CORPORATE GOVERNANCE MEASURES

We recognise the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. In order to comply with the requirements under the GEM Listing Rules and Main Board Listing Rules, in particular, the code provisions contained in the corporate governance code as set out in Appendix 14 (the "**Code**") to the Main Board Listing Rules, we have adopted the following measures prior to the Transfer of Listing:

(i) we have established the audit committee, remuneration committee and nomination committee with respective written terms of reference in accordance with the code provisions contained in the Code. The paragraph headed "Directors, Senior Management and Employees — Board committees" in this listing document sets out further information;

(ii) we have appointed three independent non-executive Directors and at least one of them has accounting expertise;

(iii) the chairman of our Board, Mr. CK Tsang, is responsible for the overall strategic planning and business development as well as executing the overall operation of our Group;

(iv) our Directors have operated in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested except as permitted by the Articles;

(v) pursuant to the Code, our Directors, including our independent non-executive Directors, are able to seek independent professional advice from external parties in appropriate circumstances at our cost;

(vi) we have adopted comprehensive company policies covering legal and regulatory compliance with reference to the Code;

(vii) we have engaged our IC Consultant to perform regular review on corporate governance to ensure on-going compliance after the Listing on GEM; and

(viii) our company secretary shall review and ensure our Board's policies and procedures, and all applicable rules and regulations, are complied with by each and every Director.

We are expected to comply with the Code which sets out the principles of good corporate governance in relation to, among others, our Directors, the chairman of our Board and daily operation management, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with our Shareholders. Our Board will review our Company policies and practices on corporate governance from time to time. We will state in our interim and annual reports whether we have complied with the Code, and will provide details of, and reasons for, any deviations from it in the corporate governance report which will be included in our annual reports.

RISK MANAGEMENT

Our Directors confirm that during the ordinary course of our business, we are primarily exposed to (i) regulatory risks in relation to our business; (ii) operational risk; (iii) credit risks relating to trade receivable; and (iv) market risks relating to changes in macroeconomic environment.

The following sets out the key risks for our business and the mitigating internal control procedures thereof:

Regulatory risk management

Upon the Transfer of Listing, our Group may be exposed to the risks of non-compliance with the Main Board Listing Rules. We have assigned designated personnel to update the content of Company policies at least annually and to distribute to all Directors and employees new amendments of the Main Board Listing Rules. We have appointed Innovax Capital Limited as our compliance adviser to advise us on compliance issues. Our Group will also consider retaining a legal adviser to advise us on compliance matters with the applicable Hong Kong laws and regulations.

Operational risk management

Our project management staff is responsible for maintaining the operation, assessing the operational risks and implementing our internal policies and procedures of our projects. Our project management staff visits the project sites from time to time and our project management staff will report irregularities in connection with the operation of the projects to the project directors and senior management for directions. Our Group emphasises ethical value and prevention of fraud and bribery.

Credit risk management

Our Group is exposed to credit risk which may cause financial loss to our Group if our counterparties failed to discharge an obligation. In order to minimise the credit risk, the payment terms of all contracts must be approved by our project directors. Before deciding whether to submit tender or quotation, our Group will consider factors such as creditworthiness of the relevant customers and the contract terms.

In addition, our project directors also take into account the length of business relationship, past reputation and repayment history of each of our customers to monitor the payments. Settlement is monitored by our project directors and our finance and accounting department. For overdue balances, our finance and accounting department will be alerted and appropriate follow up action will be taken. When the trade receivable balances remain unsettled after the agreed credit terms, they will be classified as overdue. For the years ended 31 March 2017 and 2018, our Group did not make any provision for doubtful debts relating to accounts receivables. As at 31 March 2019 and 31 July 2019, allowance for credit losses in respect of our trade receivables amounted to approximately HK$1.7 million and HK$1.3 million respectively, of which none were related to credit impaired trade receivables. For details, please refer to the paragraph headed "Financial Information — Analysis of selected consolidated statements of financial position Items — Trade and other receivables".

Market risk management

Our Group is exposed to general market risks related to changes in macroeconomic environment and movements in market variables such as gross domestic product, interest rates, and other market changes. Our project directors are responsible for identifying and assessing potential market risks and from time to time formulating policies to mitigate these market risk.

OUR CONTROLLING SHAREHOLDERS

On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among others, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each member of our Group since their respective dates of incorporation and will continue so as of and after the date of the Concert Parties Confirmatory Deed. By virtue of the Concert Parties Confirmatory Deed, our group of Controlling Shareholders includes Mr. CK Tsang, Universe King, Mr. MP Tsang and Great Star. For details of the Concert Parties Confirmatory Deed, please refer to the paragraph headed "History and Corporate Structure — Parties acting in concert" in this listing document.

Immediately upon the Transfer of Listing, our group of Controlling Shareholders will together continue to be entitled to exercise or control the exercise of 56.25% of our Company's entire issued share capital.

Each of Mr. CK Tsang and Mr. MP Tsang is our executive Director. Each of Universe King and Great Star is an investment holding company wholly-owned by Mr. CK Tsang and Mr. MP Tsang respectively. Mr. CK Tsang and Mr. MP Tsang are deemed to be interested in the Shares held by Universe King and Great Star respectively under the SFO.

Save as disclosed above, there is no other person who will, immediately upon the Transfer of Listing, without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

COMPETING BUSINESS

Apart from the business of our Group, none of our Controlling Shareholders, substantial shareholders, Directors and their respective close associates has any business or interest that competes or is likely to compete, directly or indirectly, with our business, which would require disclosure pursuant to Rule 8.10 of the Main Board Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after taking into consideration of the following factors:

Management independence

The day-to-day management and operations of our Group are the responsibility of all our executive Directors and senior management of our Company. Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. Although Mr. CK Tsang and Mr. MP Tsang, being our ultimate Controlling Shareholders, are our executive Directors and also hold directorship in Universe King and Great Star respectively, we consider that our Board and senior management will function independently from our Controlling Shareholders because:

(a) each of Universe King and Great Star has no business operation;

(b) each Director is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit and in the best interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests; and

(c) in the event that a potential conflict of interest arises out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum.

In addition, the senior management team of our Group is independent from our Controlling Shareholders. Our independent non-executive Directors will also bring independent judgment to the decision making process of our Board.

Operational independence

We have established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. We have not shared our operational resources and general administration resources with our Controlling Shareholders and/or their respective close associates. We have also established a set of internal controls to facilitate the effective operation of our business.

Financial independence

We have our own financial management and accounting systems and functions, and make financial decisions according to our own business needs. We have the ability to operate independently from our Controlling Shareholders from a financial perspective.

In addition, we have sufficient capital to operate our business and have independent access to third-party financing. As at the Latest Practicable Date, Mr. CK Tsang and Mr. MP Tsang did not provide any financial assistance to our Group.

DEED OF NON-COMPETITION

In order to avoid any future competition between our Group and our Controlling Shareholders upon the Listing on GEM, each of our Controlling Shareholders as covenantors executed a deed of non-competition on 23 January 2018 in favour of our Company (for itself and as trustee for each of its subsidiaries) (the "**GEM Deed of Non-Competition**").

As the undertakings of each covenantor as laid in the GEM Deed of Non-Competition shall end on the occurrence of the date on which our Shares cease to be listed and traded on GEM, each of our Controlling Shareholders has entered into the Deed of Non-Competition on 16 December 2019 under which each of them has jointly and severally and unconditionally and irrevocably undertaken and covenanted with our Company (for itself and as trustee for each of its subsidiaries) that for so long as he/it and/or his/its close associates, directly or indirectly, whether individually or taken together, remain a controlling shareholder (as defined in the Main Board Listing Rules) of our Company:

(i) he/it will not, and will procure his/its close associates not to (other than through our Group or in respect of each of our Controlling Shareholders (together with his/its close associates), as a holder of not more than 5% of the issued shares or stock of any class or debentures of any company listed on any recognised stock exchange) directly or indirectly carry on, engage or otherwise be interested (in each case whether as shareholder, director, partner, agent, employee or otherwise and whether for profit, reward or otherwise) in any business which is or may be in competition with the business carried on by our Group from time to time (the "**Restricted Activity**"), except where our Company's approval as mentioned in the paragraph below is obtained;

(ii) he/it will not, and will procure his/its close associates not to, directly or indirectly, solicit, interfere with or entice away from any member of our Group, any natural person, legal entity, enterprise or otherwise who, to any of our Controlling Shareholders' knowledge, as at the date of the Deed of Non-Competition, is or has been or will after the date of the Deed of Non-Competition be, a customer, supplier, distributor, sales or management, technical staff or an employee (of managerial grade or above) of any member of our Group; and

(iii) he/it will not, and will procure his/its close associates not to, exploit his/its knowledge or information obtained from our Group to compete, directly or indirectly, with the Restricted Activity.

If any of our Controlling Shareholders and/or his/its close associates decide to invest, be engaged, or participate in any Restricted Activity (the "**New Business Opportunities**"), whether directly or indirectly, in compliance with the Deed of Non-Competition, he/it shall and/or shall procure his/its close associates (other than members of our Group) to disclose the terms of such New Business Opportunities to our Company and our Directors as soon as practicable and use his/its best endeavours to procure that such New Business Opportunities are offered to our Company on terms no less favourable than the terms on which such New Business Opportunities are offered to him/it and/or his/its close associates. When any New Business Opportunities are referred to our Company by any of our Controlling Shareholders, our independent non-executive Directors will consider such opportunity on various aspects including viability and profitability.

Our Controlling Shareholders and their respective close associates are entitled to engage or have an interest in the New Business Opportunities, provided that our Company has confirmed in writing (the "**Approval Notice**") that none of our Group members wishes to be engaged or interested in such New Business Opportunities and that our Company has approved in writing the relevant Controlling Shareholders and their respective close associates to engage or have any interest in such New Business Opportunities. Any Director who is interested in such New Business Opportunities shall not vote on relevant resolutions approving the Approval Notice. If prior to its consummation there is any material change in the nature, terms or conditions of any New Business Opportunities pursued by any Controlling Shareholder and/or his/its close associates with the approval of our Company, such Controlling Shareholder shall and shall procure his/its close associates to, refer such revised opportunities to our Company as if they were New Business Opportunities.

The Deed of Non-Competition and the rights and obligations thereunder are conditional and will take effect immediately upon the Transfer of Listing.

The obligations of our Controlling Shareholders under the Deed of Non-Competition will remain in effect until:

(a) the date on which our Shares cease to be listed on the Stock Exchange; or

(b) such Controlling Shareholder and his/its close associates, individually and/or collectively, cease to be deemed as a controlling shareholder of our Company (within the meaning defined in the Main Board Listing Rules from time to time); or

(c) such Controlling Shareholder and his/its close associates, individually and/or collectively beneficially own or are interested in the entire issued share capital of our Company,

whichever occurs first.

Nothing in the Deed of Non-Competition shall prevent our Controlling Shareholders or any of their close associates from carrying on any business whatsoever other than the Restricted Activity.

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures will be adopted to monitor the compliance of the Deed of Non-Competition and to avoid any other potential conflicts of interest:

(i) our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders and their respective close associates on their existing or future competing businesses;

(ii) our Board shall request our Controlling Shareholders to promptly provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-Competition and provide to our Company a written confirmation relating to the compliance of the Deed of Non-Competition and make an annual declaration on compliance with the Deed of Non-Competition in the annual report of our Company;

(iii) our Company shall disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the undertakings provided by our Controlling Shareholders either through the corporate governance report as set out in the annual report of our Company and/or by way of announcements to the public;

(iv) any New Business Opportunities under the Deed of Non-Competition and all other matters determined by our Board as having a potential conflict of interest with our Controlling Shareholders will be referred to our independent non-executive Directors for discussion and decision. When necessary, such independent non-executive Directors will engage an independent financial adviser to advise them on the relevant matters. In the event any New Business Opportunities presented by or otherwise arising in connection with any of our Controlling Shareholders are turned down by our Group according to the Deed of Non-Competition, our Company will disclose the decision, as well as the basis for such decision in the annual report of our Company. The annual report of our Company will include the views and decisions, with bases, of our independent non-executive Directors on whether to take up any New Business Opportunities under the Deed of Non-Competition or other matters having a potential conflict of interest with our Controlling Shareholders that have been referred to our independent non-executive Directors;

(v) further, if a Controlling Shareholder or a Director has a conflict of interest in a matter to be considered, he/it shall act in accordance with the requirements of the Main Board Listing Rules, regarding abstain from voting on such matter; and

(vi) where our Company maintains the engagement of a compliance adviser, such compliance adviser shall provide our Company with professional advice on compliance of continuing obligations under the Main Board Listing Rules in accordance with the provisions of the compliance adviser agreement and the requirements of the Main Board Listing Rules.

FULLY EXEMPTED CONTINUING CONNECTED TRANSACTION

Background of Victor Link Trading Limited ("Victor Link")

Victor Link is a limited liability company incorporated in Hong Kong on 25 April 2017 owned by each of Mr. CK Tsang and Mr. MP Tsang as to 30.15%. The remaining 39.70% shareholding interest of Victor Link is owned by an independent third party.

Since Victor Link is owned by each of Mr. CK Tsang and Mr. MP Tsang as to 30.15%, it is an associate of Mr. CK Tsang and Mr. MP Tsang. As each of Mr. CK Tsang and Mr. MP Tsang is one of our Controlling Shareholders and executive Directors, Victor Link is a connected person pursuant to the GEM Listing Rules upon the Listing on GEM and the Main Board Listing Rules upon the Transfer of Listing.

The Master Purchase Agreement

We purchased materials such as air-conditioning accessories (the "**Products**") from Victor Link.

On 23 January 2018, our Company entered into a master purchase agreement with Victor Link ("**Master Purchase Agreement**") pursuant to which Victor Link will supply and our Company will purchase, from time to time, the Products for a period commencing from the date of Listing on GEM and expiring on 31 March 2020, subject to the terms and conditions of the Master Purchase Agreement. The purchase price of the Products shall be separately negotiated for each purchase by the parties. The parties shall have separate purchase order in respect of each purchase. Having considered that the Products provided by Victor Link were satisfactory and able to meet our requirements and the principal terms (including price and payment terms) offered by Victor Link has been and will be no less favourable than those offered by Independent Third Parties, our Directors believe that it is beneficial for our Group and our Shareholders as a whole to continue the existing practice instead of engaging alternative suppliers to provide such Products. The annual cap stated in the Master Purchase Agreement was HK$250,000, HK$300,000 and HK$350,000 for each of the financial years ending 31 March 2018, 2019 and 2020 respectively. The proposed annual caps for the transaction were determined after taking into account, among others, (i) historical amount of payment for purchases paid by our Group to Victor Link; (ii) the estimated growth of our business; and (iii) the expected growth of the construction industry.

For the years ended 31 March 2018 and 31 March 2019 and the four months ended 31 July 2019, we purchased the Products from Victor Link for the aggregate amounts of approximately HK$14,000, HK127,000 and HK$69,000, which were within the annual caps as set out by the Master Purchase Agreement.

Implications under the GEM Listing Rules and the Main Board Listing Rules

As all the relevant applicable percentage ratios (other than profits ratio) with respect to the transactions contemplated under the Master Purchase Agreement on an annual basis are less than 0.1%, the transactions contemplated under the Master Purchase Agreement constitute exempt continuing connected transactions of our Company under Rule 20.74(1) of the GEM Listing Rules and Rule 14A.76(1) of the Main Board Listing Rules, and are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules and Chapter 14A of the Main Board Listing Rules.

Confirmation from our Directors

Our Directors (including our independent non-executive Directors) confirmed that the transactions contemplated under the Master Purchase Agreement have been entered into in the ordinary and usual course of business of our Group on normal commercial terms, and the terms of the Master Purchase Agreement and the proposed annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, and assuming that the total number of Shares in issue remains unchanged from the Latest Practicable Date to the date of this listing document and without taking into account of any Shares which may be or have been allotted and issued pursuant to the Share Option Scheme, immediately upon the Transfer of Listing, the following persons will have an interest or a short position in the Shares or the underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Nature of interest	Number of Shares *(Note 1)*	Percentage of shareholding
Mr. CK Tsang *(Notes 2 & 3)*	Interest in controlled corporation	104,625,000 Shares (L)	28.125%
Ms. Leung Wai Ling (“**Ms. Leung**”) *(Note 4)*	Interest of spouse	104,625,000 Shares (L)	28.125%
Universe King	Beneficial owner	104,625,000 Shares (L)	28.125%
Mr. MP Tsang *(Notes 3 & 5)*	Interest in controlled corporation	104,625,000 Shares (L)	28.125%
Ms. Wong Lin Fun (“**Ms. Wong**”) *(Note 6)*	Interest of spouse	104,625,000 Shares (L)	28.125%
Great Star	Beneficial owner	104,625,000 Shares (L)	28.125%
Mr. Lai *(Note 7)*	Interest in controlled corporation	62,775,000 Shares (L)	16.875%
Ms. Chu Siu Ping (“**Ms. Chu**”) *(Note 8)*	Interest of spouse	62,775,000 Shares (L)	16.875%
Giant Winchain	Beneficial owner	62,775,000 Shares (L)	16.875%

Notes:

1. The letter (L) denotes the person’s long interest in our Shares.

2. Mr. CK Tsang beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.

3. On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among others, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group since their respective dates of incorporation and will continue so as of and after the date of the Concert Parties Confirmatory Deed. Details of the Concert Parties Confirmatory Deed are set out in the paragraph headed “History and Corporate Structure — Parties acting in concert” in this listing document.

4. Ms. Leung is the spouse of Mr. CK Tsang and is deemed, or taken to be, interested in all our Shares held by Mr. CK Tsang for purposes of the SFO.

5. Mr. MP Tsang beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all the Shares held by Great Star for purposes of the SFO.

6. Ms. Wong is the spouse of Mr. MP Tsang and is deemed, or taken to be, interested in all our Shares held by Mr. MP Tsang for purposes of the SFO.

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

8. Ms. Chu is the spouse of Mr. Lai and is deemed, or taken to be, interested in all the Shares held by Mr. Lai for purposes of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately upon the Transfer of Listing, have an interest or short position in the Shares or the underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

BOARD OF DIRECTORS

Our Board consists of six Directors, including three executive Directors and three independent non-executive Directors. The following table sets forth the brief particulars of our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Tsang Chiu Kwan (曾昭群先生)	56	Executive Director and chairman of our Board	15 December 2004	27 July 2017	Responsible for the overall strategic planning and business development as well as executing the overall operation of our Group	Nil
Mr. Tsang Man Ping (曾文兵先生)	47	Executive Director and chief executive officer	15 December 2004	27 July 2017	Responsible for the execution of day-to-day project management of our Group	Nil
Mr. Lee Alexander Patrick (李明鴻先生)	38	Executive Director	23 June 2017	27 July 2017	Responsible for the overall strategic planning and business development of our Group	Nil
Mr. So Chun Man (蘇俊文先生)	44	Independent non-executive Director	23 January 2018	23 January 2018	Providing independent advice to the Board	Nil
Mr. Chen Yeung Tak (陳仰德先生)	35	Independent non-executive Director	23 January 2018	23 January 2018	Providing independent advice to the Board	Nil
Ms. Li Amanda Ching Man (李靜文女士)	43	Independent non-executive Director	23 January 2018	23 January 2018	Providing independent advice to the Board	Nil

Executive Directors

Mr. Tsang Chiu Kwan (曾昭群先生), aged 56, was appointed as our Director on 4 July 2017 and appointed as the chairman of our Board and re-designated as our executive Director on 27 July 2017. Mr. CK Tsang is also our Controlling Shareholder. He joined our Group in December 2004 and is responsible for the overall strategic planning and business development as well as executing the overall operation of our Group.

Mr. CK Tsang completed a two year part-time technician programme and was awarded the certificate in electrical engineering from Kwai Chung Technical Institute (former name of the Hong Kong Institute of Vocational Education (Kwai Chung)) in July 1987. He completed his higher certificate programme on modern factory management at the Hong Kong Management Association in December 1994 and his diploma in business management programme jointly organised by The Hong Kong Polytechnic University and the Hong Kong Management Association in September 2000.

Mr. CK Tsang has over 17 years of experience in the construction industry. Prior to joining our Group, Mr. CK Tsang served as an engineer and was responsible for the equipment maintenance and production supervision in Motorola Semiconductors Hong Kong Limited, a company principally engaged in manufacturing of semi-conductors from July 1988 to June 2001. From May 2002 to March 2006, he served as a director in Gowin Engineering Co., Limited, a construction company, where he was responsible for the development and execution of business strategies.

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

Name of company	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution *(Notes 2 & 3)*	Reasons for dissolution
Gowin Engineering Co., Limited	Construction	22 July 2011	Deregistration under the Predecessor Companies Ordinance	Inactive
Wallic Industrial Development Limited	Trading of electronic spare parts *(Note 1)*	15 March 2002	Striking off under the Predecessor Companies Ordinance	Inactive

Notes:

1. Wallic Industrial Development Limited was set up for the purpose of trading of electronic spare parts but it had not commenced any business since its incorporation.

2. "Deregistration under the Predecessor Companies Ordinance" refers to the process whereby a private company or a director or a member of a private company incorporated under the Predecessor Companies Ordinance which has ceased its operation and is not insolvent applies to the Companies Registry of Hong Kong for deregistration pursuant to section 291AA of the Predecessor Companies Ordinance. Such application can only be made if (1) all members of the company agree to the deregistration; (2) the company has never commenced business or operation, or has ceased to carry on business or operation for more than three months immediately prior to the application; and (3) the company has no outstanding liabilities.

3. "Striking off under the Predecessor Companies Ordinance" refers to striking off the name of a company from the register of companies by the Registrar of Companies of Hong Kong under section 291 of the Predecessor Companies Ordinance where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation. Wallic Industrial Development Limited was solvent at the time of its strike-off.

Mr. Tsang Man Ping (曾文兵先生), aged 47, was appointed as our Director on 4 July 2017 and appointed as the chief executive officer of our Group and re-designated as our executive Director on 27 July 2017. Mr. MP Tsang is also our Controlling Shareholder. He joined our Group in December 2004 and is responsible for the execution of day-to-day project management of our Group.

Mr. MP Tsang attended Yuen Long Merchants Association Secondary School. Mr. MP Tsang has over 23 years of experience in the construction industry. He was a sole proprietor of the unlimited company Shing Lee Engineering Company, which was principally engaged in the provision of fitting out works, throughout the period from January 1996 to December 2004, where by Mr. MP Tsang was responsible for the development and execution of business strategies. In December 2004, Mr. MP Tsang co-founded Double Gain and subsequently ceased to carry out business through Shing Lee Engineering Company in around 2005 when it was dissolved while solvent.

Mr. Lee Alexander Patrick (李明鴻先生), aged 38, was appointed as our Director on 4 July 2017 and re-designated as our executive Director on 27 July 2017. He is responsible for the overall strategic planning and business development of our Group. Mr. Lee obtained his Bachelor of Arts degree in Economics and Music from Emory University, the United States, in December 2007. Further, he has been a member of The Hong Kong Institute of Directors since July 2017.

From May 2005 to March 2011, Mr. Lee worked in various institutions whereby he, *inter alia*, advised on business strategies in relation to acquisition or investment opportunities. From May 2005 to April 2008, Mr. Lee was a director of Trulink Limited, an advisory firm, where he was responsible for conducting analysis on investment opportunities and providing overall support to the firm's overall strategic advisory work. He subsequently joined the private banking department of J.P. Morgan from April 2008 to December 2009 under the category of Professional Exempt in Private Banking. From January 2010 to November 2010, Mr. Lee was employed by TrendsFormation Capital Limited, a company principally engaged in venture capital investments and consulting activities, as business development manager and by Solar Trends Technology Limited (a subsidiary of TrendsFormation Capital Limited) for the period from November 2010 to March 2011 as director and business development manager where he was responsible for, *inter alia*, executing business strategies, projecting tendering and setting up regional teams in Hong Kong and Indonesia. From April 2011 to May 2012, Mr. Lee worked for the group companies of Morgan Stanley, Hong Kong as an analyst in the international wealth management division in Hong Kong where he was responsible for expanding the PRC client base. Mr. Lee then worked in the capacity of vice president of the private banking department for Credit Suisse, Hong Kong from August 2012 to January 2013. From February 2014 to June 2015, Mr. Lee worked for BOCI-Prudential Asset Management Limited, a company principally engaged in asset management, as vice president of the quantitative strategy business unit of the company. He worked as an investment director during April 2016 to July 2017 and as a consultant since November 2017 for First Impression Limited, a consulting firm, where he was responsible for, *inter alia*, advising on investment structures and business development. From June 2017 to December 2018, Mr. Lee served as an independent non-executive director of SK Target Group Limited (a company listed on the Stock Exchange with stock code 8427), a company principally engaged in the manufacturing and sale of precast concrete telecommunication junction boxes and precast concrete electrical junction boxes in Malaysia.

Independent non-executive Directors

Mr. So Chun Man (蘇俊文先生), aged 44, was appointed as our independent non-executive Director on 23 January 2018. Mr. So obtained his Higher Certificate in Building Studies from Hong Kong Technical Colleges in June 1998 and his Bachelor of Applied Science Construction Management and Economics (distance programme) from Curtin University of Technology, Australia, in September 2001. He has been a member of the Australian Institute of Building since March 2005 and the Hong Kong Institute of Construction Managers since August 2005, an incorporate of the Chartered Institute of Building, United Kingdom, since April 2007 and a member of the Chartered Association of Building Engineers since September 2015. Further, Mr. So was a Council Member of the Hong Kong General Building Contractors Association from 2015 to 2016. From July 2016 to June 2018, he was the Vice Honourary Secretary of the Hong Kong General Building Contractors Association. Mr. So has been the Honourary President of the Fire Safety Ambassador Honourary Presidents' Association of the Fire Services Department and the Vice President of the Hong Kong General Building Contractor Association since October 2016 and July 2018 respectively.

Mr. So has over 28 years of experience in construction industry. From August 1991 to July 1997, Mr. So worked at WTP (Hong Kong) Limited with his last position as Assistant Quantity Surveyor. From October 1997 to March 2004, he worked at Chun Wo Construction & Engineering Co., Limited with his last position as Assistant Quantity Surveyor Manager. From April 2004 to May 2009 and from June 2009 to September 2010, he was a director of Fulluck Construction Engineering Limited and Joy Smart Construction Engineering Limited respectively. From March 2011 to March 2015, he worked as a project director for Yee Hop Engineering Co., Limited. From May 2015 to May 2017, Mr. So was a director for Rodney Construction & Engineering Co., Limited and he has been the director of RS Construction Engineering Limited since October 2015.

Mr. So is currently interested in the private companies below which are in operation and in the construction industry (the "**Construction Companies**"):

Name of company	Capacity	Principal business
King's Fame International Limited ("**King's Fame**")	50% shareholder and a director	Subcontractor for fitting out works in Hong Kong
RS Construction Engineering Limited ("**RS Construction**")	100% shareholder and a director	Subcontractor for civil maintenance works in power station in Hong Kong

During the Track Record Period, the Construction Companies did not enter into transaction with any member of our Group. While these Construction Companies are in the construction industry carrying out businesses in Hong Kong, their principal businesses are different from our Group's business. King's Fame is a subcontractor for fitting out works whereas RS Construction is a subcontractor for civil maintenance works in power station. On the other hand, our Group is a subcontractor providing RMAA and building construction services but none of the Construction Companies offers the same services. Our Group did not provide fitting out works and civil maintenance works during the Track Record Period and going forward, our Group will focus on RMAA and building construction services. Our Directors confirm that the five largest customers and suppliers of our Group do not overlap with that of the Construction Companies during Track Record Period. Mr. So has undertaken to our Company to procure the Construction Companies (and their associates) not to conduct any business which will be in direct or indirect competition with our Group.

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

Name of company	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution *(Notes 1 & 2)*	Reasons for dissolution
Fulluck Construction Engineering Limited	Construction	25 September 2015	Striking off under the Predecessor Companies Ordinance	Inactive
Swift Engineering Limited	Construction	7 May 2010	Deregistration under the Predecessor Companies Ordinance	Inactive
T & S Engineering Limited	Engineering	24 August 2001	Deregistration under the Predecessor Companies Ordinance	Inactive

Notes:

1. "Deregistration under the Predecessor Companies Ordinance" refers to the process whereby a private company or a director or a member of a private company incorporated under the Predecessor Companies Ordinance which has ceased its operation and is not insolvent applies to the Companies Registry of Hong Kong for deregistration pursuant to section 291AA of the Predecessor Companies Ordinance. Such application can only be made if (1) all members of the company agree to the deregistration; (2) the company has never commenced business or operation, or has ceased to carry on business or operation for more than three months immediately prior to the application; and (3) the company has no outstanding liabilities.

2. "Striking off under the Predecessor Companies Ordinance" refers to striking off the name of a company from the register of companies by the Registrar of Companies of Hong Kong under section 291 of the Predecessor Companies Ordinance where the Registrar of Companies has reasonable cause to believe that a company is not carrying on business or in operation.

Mr. Chen Yeung Tak (陳仰德先生), aged 35, was appointed as our independent non-executive Director on 23 January 2018. Mr. Chen obtained his Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in December 2006. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2011.

Mr. Chen has over 13 years of experience in auditing, accounting and financial management. He was employed, among others, by Fung, Yu & Co. CPA Limited from July 2006 to December 2010 with his last position as an assistant manager; Deloitte Touche Tohmatsu as a senior auditor from January 2011 to October 2012; and PYI Corporation Limited (a company listed on the Stock

Exchange with stock code 498 with principal business of ports and infrastructure development and investment) from October 2012 to February 2015 with his last position as an accounting manager. Mr. Chen is currently the financial controller and company secretary of Kingland Group Holdings Limited (a company listed on the Stock Exchange with stock code 1751), which is principally engaged in concrete demolition works in Hong Kong and Macau, and an independent non-executive director of (i) AV Promotions Holding Limited (a company listed on the Stock Exchange with stock code 8419), which principally provides one-stop visual, lighting and audio solutions in the PRC, Hong Kong and Macau; and (ii) DT Capital Limited (a company listed on the Stock Exchange with stock code 356), which is principally engaged in securities investment.

Ms. Li Amanda Ching Man (李靜文女士), aged 43, was appointed as our independent non-executive Director on 23 January 2018. Ms. Li was granted her Bachelor of Commerce degree by the University of British Columbia, Canada, in May 1998 and was admitted to the University of London Degree of Bachelor of Laws (distance programme) in August 2001. She was conferred a Postgraduate Certificate in Laws by the University of Hong Kong in June 2003.

Ms. Li has over 13 years of experience as a legal practitioner. She was admitted as a solicitor of Hong Kong in November 2005. She worked as a trainee solicitor and an associate at Sidley Austin from September 2003 to August 2005, and September 2005 to June 2008 respectively and an associate at the corporate group of DLA Piper from June 2008 to November 2010. From February 2011 to March 2013, Ms. Li worked as a manager at the investment products division of the Securities and Futures Commission. She is currently a consultant at CFN Lawyers.

Please refer to the paragraph headed "C. Further information about our Directors and substantial shareholders" in Appendix IV to this listing document for information regarding particulars of our Directors' service agreements and emoluments and information regarding their respective interests (if any) in the Shares of our Company within the meaning of Part XV of the SFO.

Save as disclosed above, each of our Directors confirms that (i) he/she has not held other positions in our Group or any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not have any relationship with any other Directors, senior management or substantial or our Controlling Shareholders; (iii) save as disclosed in the section headed "Substantial Shareholders" in this listing document, he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there are no other matters concerning all our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange; and (v) there are no other matters which shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Main Board Listing Rules.

SENIOR MANAGEMENT

The following table sets out certain information concerning our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment of his last position	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Wong Ho Yin (黃浩賢先生)	44	Associate director	8 October 2018	8 October 2018	Responsible for the operation and management of the construction projects of our Group	Nil
Mr. Tse Choi Lam (謝財林先生)	47	Senior project manager	1 August 2011	1 August 2018	Responsible for the operation and management of the construction projects of our Group	Nil
Mr. Kwong Chun Ming Alex (鄺俊銘先生)	41	Chief financial officer	29 May 2017	29 May 2017	Responsible for supervising our Group's financial activities, budgeting and forecasting, as well as corporate secretarial practices and procedure of our Group	Nil
Mr. Tse Man Kin (謝文健先生)	39	Quantity surveyor manager	1 April 2005	1 April 2014	Responsible for tendering, cost control, procurement and leading the quantity surveying group of our Group	Nil

Mr. Wong Ho Yin (黃浩賢), aged 44, is the associate director of our Group. He is responsible for the operation and management of the construction projects of our Group. Mr. Wong obtained his Higher Diploma in Building from the City University of Hong Kong in November 1997 and subsequently his Bachelor of Science in Construction Management (distance programme) from Heriot-Watt University, United Kingdom, in June 2009. He was admitted as a member of the Chartered Institute of Building in August 2018 and is entitled to use the designation MCIOB and describe himself as a Chartered Construction Manager since then.

Mr. Wong has over 22 years of experience in construction industry. Prior to joining our Group, he worked at China Civil Engineering Construction Corporation from July 1997 to September 2002 with his last position as project coordinator. Subsequently, Mr. Wong joined as project coordinator at Chun Wo from September 2002 to February 2004. He then served as a site agent at Welgain & Goldwin Construction Engineering Ltd and Yau Luen Construction & Engineering Ltd from February 2004 to October 2004 and from October 2004 to August 2005 respectively. From August 2005 to January 2007, Mr. Wong served as a project coordinator at CW Construction (Macau) Limited. Subsequently, he joined our Group from January 2007 to October

2016 with his last position as project manager. From October 2016 to September 2018, Mr. Wong served as a clerk of works to DLN Architects Limited. He rejoined our Group as an associate director since October 2018.

Mr. Tse Choi Lam (謝財林先生), aged 47, is the senior project manager of our Group. He joined our Group in August 2011 as a site agent and was promoted to his current position in August 2018. He is responsible for the operation and management of the construction projects of our Group. He obtained his Certificate in Building Studies from Morrison Hill Technical Institute (currently known as the Hong Kong Institute of Vocational Education (Morrison Hill)) in August 1995 and his Higher Certificate in Building Studies from Hong Kong Technical Colleges in June 1997. He also completed various training courses including a construction safety supervisor course (part time programme) in October 2003, a highways department site audit inspection standards (safety & roadwork obligations) course (part time programme) in May 2005, a metal scaffold erecting and dismantling supervision training course in October 2007 at the Construction Industry Training Authority of Hong Kong, and an occupational safety management course at the Occupational Safety and Health Council of Hong Kong in June 2007.

Mr. Tse has over 25 years of experience in construction industry. Prior to joining our Group, he worked at Shui On Building Contractors Ltd. with his last position as foreman from September 1994 to November 1997. He worked as a works supervisor I for Dennis Lau & Ng Chun Man Architects & Engineers (H.K) Limited from December 1997 to February 2001. He then joined Tai Fong Engineering Hong Kong Co., Ltd. from April 2001 to April 2002 and Wing Hong Contractors Ltd. from May 2002 to September 2002, both as a group representative. From March 2003 to June 2011, he worked for Chun Wo Construction & Engineering Co. Ltd. with his last position as site agent.

Mr. Kwong Chun Ming Alex (鄺俊銘先生), aged 41, is the chief financial officer of our Group. He joined our Group in May 2017 and is responsible for supervising our Group's financial activities, budgeting and forecasting, as well as corporate secretarial practices and procedure of our Group. Mr. Kwong obtained his Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in November 2003. He has become a member of the Hong Kong Institute of Certified Public Accountants since January 2008 and a fellow member of the Association of Chartered Certified Accountants since March 2012.

He has over 15 years of experience in accounting. Prior to joining our Group, Mr. Kwong worked at Deloitte Touche Tohmatsu from October 2004 to November 2011 with his last position as manager. From December 2011 to May 2017, he worked at Ernst & Young with his last position as senior manager.

Mr. Tse Man Kin (謝文健先生), aged 39, is the quantity surveyor manager of our Group. He is responsible for tendering, cost control, procurement and leading the quantity surveying group of our Group. Mr. Tse obtained his Certificate in Building Studies (Building Option) and the Higher Certificate in Building Studies from the Hong Kong Institute of Vocational Education in July 2004 and July 2008 respectively. He subsequently obtained his Bachelor of Science in Civil Engineering (distance programme) from the Bulacan State University the Philippines in June 2012. Mr. Tse also completed various training courses including an assistant safety officer evening course (and awarded the construction safety supervisor certificate) and a construction safety officer course at the Construction Industry Training Authority of Hong Kong in October 2005 and September 2007 respectively.

Mr. Tse has over 15 years of experience in construction industry. Prior to joining our Group, he worked as a quantity surveyor for Woon Lee Construction Co., Ltd. from October 2004 to April 2005. From April 2005 to March 2010, Mr. Tse joined our Group as a project coordinator. He worked for Ringtone Limited as a project coordinator from April 2010 to September 2011 and he re-joined our Group in October 2011 as a quantity surveyor and was promoted to his current position in April 2014.

Save as disclosed above, during the three years preceding the date of this listing document, none of our senior management held any directorships in any public companies whose the securities are listed on any securities market in Hong Kong or overseas. None of our senior management had any relationship with our Directors, other senior management and our Controlling Shareholders as at the Latest Practicable Date.

COMPANY SECRETARY

Mr. Kwong Chun Ming Alex (鄺俊銘先生), was appointed as the company secretary of our Group on 27 July 2017. For details of his qualifications and experience, please refer to paragraph headed "Senior management" in this section of the listing document.

COMPLIANCE ADVISER

We have appointed Innovax Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the purpose of our Listing on GEM for a period commencing on the date of listing of our Shares on GEM and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the GEM Listing Date, or until the agreement is terminated, whichever is earlier. Pursuant to Rule 9A.13 of the Main Board Listing Rules, the continuous requirements relating to the appointment of a compliance adviser for the period specified in Rule 6A.19 of the GEM Listing Rules will survive in respect of our Company's Transfer of Listing. As the Transfer of Listing takes effect before the expiry of the requirement under Rule 6A.19 of the GEM Listing Rules, this GEM Listing Rules requirement will continue for the remaining term notwithstanding that our Shares have been transferred to and listed on the Main Board.

The compliance adviser shall advise us in, among others, the following circumstances:

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

(ii) where a transaction, which might be a notifiable or connected transaction under the Main Board Listing Rules, is contemplated, including share issues and share repurchases;

(iii) where our business activities, developments or results of operation deviate from any forecast, estimate or other information in the GEM Prospectus; and

(iv) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares or any other matters under Rule 13.10 of the Main Board Listing Rules.

BOARD COMMITTEES

Audit committee

Our Company has established an audit committee on 23 January 2018 in respect of the Listing on GEM. Our audit committee comprises three independent non-executive Directors, namely Mr. Chen Yeung Tak, Mr. So Chun Man and Ms. Li Amanda Ching Man. Mr. Chen Yeung Tak is the chairman of our audit committee. We adopted on 16 December 2019 a new set of terms for the audit committee which shall be effective upon the Transfer of Listing. The primary duties of our audit committee are, among others, to review and supervise the financial reporting process and internal control systems of our Group. The establishment of our audit committee is in compliance with Rule 3.21 of the Main Board Listing Rules and its written terms of reference are in compliance with Appendix 14 to the Main Board Listing Rules.

Remuneration committee

Our Company has established a remuneration committee on 23 January 2018 in respect of the Listing on GEM. Our remuneration committee comprises Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man. Mr. So Chun Man is the chairman of our remuneration committee. We adopted on 16 December 2019 a new set of terms for our remuneration committee which shall be effective upon the Transfer of Listing. The primary duties of our remuneration committee are to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to our Board of the remuneration of independent non-executive Directors. The establishment of our remuneration committee is in compliance with Rule 3.25 of the Main Board Listing Rules and its written terms of reference are in compliance with Appendix 14 to the Main Board Listing Rules.

Nomination Committee

Our Company has established a nomination committee on 23 January 2018 in respect of the Listing on GEM. Our nomination committee comprises Ms. Li Amanda Ching Man, Mr. So Chun Man and Mr. Chen Yeung Tak. Ms. Li Amanda Ching Man is the chairlady of our nomination committee. We adopted on 16 December 2019 a new set of terms for our nomination committee which shall be effective upon the Transfer of Listing. Our nomination committee is mainly responsible for making recommendations to our Board on appointment of Directors, succession planning for our Directors and to implement the Board Diversity Policy (as defined below). The written terms of reference of our nomination committee are in compliance with Appendix 14 to the Main Board Listing Rules.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the "**Board Diversity Policy**"), which sets out the objective and approach to achieve and maintain diversity on our Board. We will ensure that the members of our Board have the appropriate balance of skills, experience and diversity of perspectives that are required to support our business strategy. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through consideration of various factors such as professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our nomination committee is delegated to be responsible for compliance with relevant code governing board diversity under the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Main Board Listing Rules and, will review the Board Diversity Policy from time to time to ensure its continued effectiveness. Our implementation of the Board Diversity Policy will be disclosed in our corporate governance report on an annual basis.

DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The aggregate amount of compensation paid by us for each of the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 to our Directors was approximately HK$1,420,000, HK$3,470,000, HK$6,061,000 and HK$1,046,000 respectively.

Save as disclosed above, no other fees, salaries, housing allowances, discretionary bonuses, other allowances and benefits in kind and contributions to pension scheme were paid by our Group to our Directors during the Track Record Period. Further, no Directors waived any emoluments during the Track Record Period.

The five highest paid individuals of our Group during the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 include two Directors, two Directors and three Directors, respectively. Details of the three, three and two highest paid individuals for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively, are as follows:

	For the year ended 31 March			For the four months ended 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Salaries and other allowances	1,224	1,391	1,284	735
Discretionary bonus	225	1,081	399	—
Retirement scheme contributions	34	49	36	15
	1,483	2,521	1,719	750

During the Track Record Period, no remuneration has been paid to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Under the remuneration policy of our Company, our remuneration committee will consider factors, such as salaries paid by comparable companies, tenure, commitment, responsibilities and performance, in assessing the amount of remuneration payable to our Directors, senior management and employees.

REMUNERATION POLICY

The Director's fee for each of our Directors is subject to our Board's review from time to time in its discretion after taking into account the recommendation of our remuneration committee. The remuneration package of each of our Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within our Group. Our Directors are entitled to statutory benefits as required by law from time to time such as pension.

Prior to the Listing on GEM, the remuneration policy of our Group to reward our employees and executives was based on their performance, qualifications, competence displayed and market comparables. Remuneration package typically comprises salary, contribution to pension schemes and medical benefits. Upon and after the Listing on GEM, the remuneration package of our Director and senior management, in addition to the above factors, has been be linked to the return to our Shareholders. Our remuneration committee will review annually the remuneration of all our Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

DIRECTORS' COMPETING INTERESTS

None of our Controlling Shareholders, Directors and their respective close associates is interested in any business which competes or is likely to compete with that of ours.

EMPLOYEES

For details of the employees of our Group, please refer to the paragraph headed "Business — Employees" in this listing document.

EMPLOYEES' RELATIONS

We maintain good working relations with our staff. We have not experienced any significant problems with the recruitment and retention of experienced employees. In addition, we have not suffered from any material disruption of our normal business operations as a result of labour disputes or strikes. The remuneration payable to our employees includes salaries, discretionary bonuses and commission.

Bonuses are generally discretionary and based on the overall performance of our business. We believe that our employee relations are satisfactory in general. We believe that the management policies, working environment, career prospects and benefits extended to our employees have contributed to employee retention and building of amicable employee relations.

SHARE CAPITAL

Assuming that the total number of Shares in issue remains unchanged from the Latest Practicable Date to the date of this listing document and without taking into account of any Shares which may be or have been allotted and issued pursuant to the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below, our share capital immediately upon the Transfer of Listing will be as follows:

		HK$
Authorised share capital:		
780,000,000	Shares of par value of HK$0.01 each	7,800,000
Shares in issue as at the date of this listing document:		
372,000,000	Shares of par value of HK$0.01 each	3,720,000

SHAREHOLDING DISTRIBUTION

Our Company has conducted public float search against our shareholding distribution pursuant to section 329 of the SFO. Based on the information received up to 15 December 2019 and to the best knowledge of our Directors upon due enquiry, as at 14 November 2019 (being the latest practicable date for our Company to ascertain the following information prior to the Transfer of Listing), our Company had identified at least 400 public Shareholders and the shareholding structure of our Company was as follows:

	Number of Shares held *(Note 1)*	Percentage of shareholding %
Controlling Shareholders (*Note 2*)	209,250,000	56.250
Top 25 Shareholders in terms of shareholding size in our Shares (excluding our Controlling Shareholders)		
— Top 1 Shareholder *(Notes 2 & 3)*	62,775,000	16.875
— Top 2 Shareholder *(Note 4)*	5,095,000	1.370
— Top 3 Shareholder *(Note 4)*	4,684,000	1.259
— Top 4 to 20 Shareholders *(Note 4)*	33,736,000	9.069
— Top 21 to 23 Shareholders *(Note 4)*	4,216,000	1.133
— Top 24 to 25 Shareholders *(Note 4)*	2,628,000	0.706
Sub-total	113,134,000	30.412
Other Shareholders *(Note 5)*	49,616,000	13.338
Total:	372,000,000	100

Notes:

1. For prudence sake, in calculating the number of Shareholders, (i) Shareholders with the same names; or (ii) Shareholders who share the same address would be deemed as one single beneficial Shareholder and the respective shareholdings will be aggregated in our shareholding analysis. Further, we had conducted company searches to ascertain if any shareholders and/or directors of those identified Shareholders which are companies incorporated in Hong Kong share the same name and/or address with those individual Shareholders. If in the affirmative, they would be deemed as one single beneficial Shareholder and the respective shareholdings will be aggregated in our shareholding analysis.

2. Save for the interests disclosed in this listing document, our Controlling Shareholders and substantial shareholders are not and were not interested in any Shares through any person, entity, custodian, nominee and brokerage firm. On the other hand, our Controlling Shareholders and substantial shareholders do not and did not hold any Shares on behalf of any person, entity, custodian, nominee and brokerage firm. Please refer to the section headed "Substantial Shareholders" in this listing document for further details in respect of the interests held by our substantial shareholders.

3. Our top 1 Shareholder (excluding our Controlling Shareholders) was Giant Winchain, a substantial shareholder of our Company.

4. To the best knowledge of our Directors and having made all reasonable enquiries, these Shareholders are all Independent Third Parties.

5. Other Shareholders include the spouse of Mr. Tse Man Kin (a senior management of our Group), who was interested in 4,000 Shares.

6. Our top 25 Shareholders (including our Controlling Shareholders) held in aggregate 319,756,000 Shares, representing approximately 85.926% of the entire issued share capital of our Company.

MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after the Transfer of Listing under the Main Board Listing Rules is 25% of our share capital in issue from time to time. Our Directors confirm that from the GEM Listing Date to the Latest Practicable Date, we have maintained the said minimum level of public float and have been in compliance with Rule 8.08 of the Main Board Listing Rules.

RANKING

Our Shares are ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with each other, and will qualify and rank equally for all dividends or other distributions declared, made or paid and any other rights and benefits attaching or accruing to our Shares following completion of the Transfer of Listing.

GENERAL MANDATE TO ISSUE SHARES

Our Directors have been granted a general mandate to allot and issue Shares pursuant to the ordinary resolutions passed at the annual general meeting of our Company held on 7 August 2019.

GENERAL MANDATE TO REPURCHASE SHARES

Our Directors have been granted a general mandate to repurchase Shares, details of which are set out in the circular of our Company dated 28 June 2019 in relation to the general mandate to issue and repurchase Shares and in the paragraph headed "A. Further information about our Company and our subsidiaries — 5. Repurchase of our own securities" in Appendix IV to this listing document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in our Articles of Association, summary of which is set out in the paragraph headed "Summary of the constitution of our Company and Cayman Islands Company Law" in Appendix III to this listing document.

THE SHARE OPTION SCHEME

Our Company has adopted the Share Option Scheme for the purpose of Listing on GEM. Such Share Option Scheme will remain valid and effective following the Transfer of Listing and will be implemented in full compliance with Chapter 17 of the Main Board Listing Rules. The principal terms of the Share Option Scheme are summarised in the paragraph headed "D. Share Option Scheme" in Appendix IV to this listing document.

You should read this section in conjunction with our Group's audited Historical Financial Information (as defined in the Accountants' Report), including the notes thereto, as set out in the Accountants' Report included in Appendix I to this listing document. Our Group's Historical 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 contains 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 our Group in light of our Group's experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depend on a number of risks and uncertainties over which our Group does not have control. For further information, please refer to the section headed "Risk Factors" in this listing document.

OVERVIEW

Founded in 2004, our Group is an established construction subcontractor in Hong Kong, principally engaged in subcontracting works providing (i) RMAA services; and (ii) building construction services.

Our RMAA services include general upkeep, restoration and improvement of existing facilities and components of buildings and their surroundings; and our building construction services primarily consist of building works and civil works for new buildings such as lift tower, soccer field and walkways. We engaged subcontractors to assist with projects that are generally labour intensive or require specific skillset.

BASIS OF PREPARATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the laws of the Cayman Islands on 4 July 2017. Through a corporate reorganisation as further explained in the note 2 of Accountants' Report included in Appendix I to this listing document, on 23 January 2018, our Company became the holding company of the subsidiaries now comprising our Group.

Immediately prior to and after the Reorganisation, the business of our Group has been conducted by the members of our Group. The Reorganisation is merely a reorganisation of the members of our Group with no change in management and ownership. Accordingly, the Historical Financial Information has been prepared as if the group structure upon completion of the Reorganisation had been in existence throughout the Track Record Period, or since their dates of incorporation, where there is a shorter period.

The Historical Financial Information have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Historical Financial Information is presented in Hong Kong Dollars, which is the functional currency of the Company, and all values are rounded to the nearest thousand, except where otherwise indicated.

KEY FACTORS AFFECTING OUR FINANCIAL POSITION AND RESULTS OF OPERATIONS

Our financial condition 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 listing document.

Market demand

Our results are affected by the number and availability of projects in Hong Kong, which in turn are affected by a number of factors, including but not limited to the general economic conditions in Hong Kong, changes in existing laws, regulations and the Hong Kong Government policies related to the Hong Kong construction industry, and the amount of investment to be devoted in the construction of new infrastructure and improvement of existing infrastructure. These changes may increase or decrease the demand for our services.

In addition, for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, we derived a substantial part of our total revenue from public sector projects. Public RMAA and building construction services projects are non-recurring in nature and the level of the Hong Kong Government's spending budget may change from year to year.

There is no guarantee that the number of public RMAA and building construction services projects will not decrease in the future. In the event that the demand of RMAA and building construction services decreases as a result of the reduction in the number of construction projects in Hong Kong, which intuitively our profitability and financial performance may be adversely and materially affected. In addition, our projects are one-off projects which are not recurring in nature. There is no guarantee that our customers will provide us with new contracts or that we will secure new customers.

Availability and performance of our subcontractors

We may engage our subcontractors to perform site work. Subcontracting costs are mainly affected by the complexity of the projects and changes in wages. For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, subcontracting costs incurred by us amounted to approximately HK$236.6 million, HK$303.4 million, HK$545.8 million and HK$180.9 million, respectively. Any substantial increase in subcontracting costs incurred by us in the future may have a significant impact on the gross profit margin.

Accuracy of our estimation and control of the costs of projects

During the Track Record Period, our revenue was mainly derived from fixed-price contracts. We need to estimate the time and costs involved in a project in order to determine the quotation. We may fail to accurately estimate the costs to complete a project. The actual amount of total costs incurred in completing a project may be adversely affected by many factors, including adverse weather conditions, accidents, unforeseen site conditions and fluctuations in the price of materials and subcontracting costs, which may result in material deviation in the actual time and resources spent from initial estimation.

For most of our projects, a defect liability period, which is generally 12 months, is usually imposed by our customers. During the defect liability period, we are generally responsible for, at our own expenses, rectifying any defects of works carried out by us. Any rectifications for material defects carried out by us could lead to additional costs being incurred, and thus the profitability of the projects may be reduced or we may even incur losses on the projects, resulting in cost overrun.

If the costs for a project exceed the contracted price or we have to carry out any rectifications for material defects during the defect liability period of the projects, we may incur losses, which could materially and adversely affect our financial conditions and results of operations.

Timing of collection of our trade receivables and retention money receivables

Customers are generally entitled to hold up a portion of progress payment to secure the due performance of our Group. During the Track Record Period, public and private customers generally hold up to a maximum of 10% of the awarded contract sum as retention money. Our liaison with our customers on the rectification of any defects with contract works and potential dispute that may arise will affect the timing and amount of the release of the retention money. There can be no assurance that such retention money will be released by our customers to us on a timely basis and in full upon expiry of the defect liability period.

In addition, we generally allow a credit period of 30 days to our customers. Should we fail in recovering payments from our customers to us on time and in full, our liquidity and financial position would be adversely and materially impacted.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Details of the principal accounting policies applied in the preparation of our financial information are set out in the Accountants' Report included in Appendix I to this listing document.

The preparation of our financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires our management to exercise judgement in the process of applying the accounting policies of our Group. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following paragraphs discuss certain significant accounting policies applied in the preparation of our financial information during the Track Record Period.

Revenue recognition

The Group has applied HKFRS 15 for the first time for the year ended 31 March 2019. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, i.e. 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply HKFRS 15 retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain information for the year ended 31 March 2019 may not be comparable to information for the years ended 31 March 2017 and 2018 as such information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations. For further details, please refer to note 3, 4 and 5 to the Accountants' Report set out in Appendix I to this listing document.

(i) ***Since 1 April 2018***

Under HKFRS 15, revenue from construction contracts is recognised over time during the course of construction by reference to the progress towards complete satisfaction at the end of the reporting period.

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

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

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

For contracts that contain variable consideration (variation order of construction work), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

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

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

(ii) ***Prior to 1 April 2018***

Prior to 1 April 2018 and before HKFRS 15 became effective and applicable to the Group, the Group applied HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations for revenue recognition. Revenue from construction contracts including provision of building construction services and RMAA services is recognised on the percentage of completion method. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured by reference to the certified value of work carried to date as a percentage of total contract value. Variations in contract work are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Plant and equipment

Plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business consolidation) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Impairment of financial assets

The Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs for the first time for the year ended 31 March 2019. HKFRS 9 introduces new requirements for the impairment of financial assets and other items.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under the expected credit loss ("**ECL**") model) retrospectively to instruments that have not been derecognised at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised at 1 April 2018. The difference between the carrying amounts at 31 March 2018 and the carrying amounts at 1 April 2018 are recognised in the opening retained earnings, without restating comparative information. Accordingly, certain information for the year ended 31 March 2019 may not be comparable to information for the years ended 31 March 2017 and 2018 as such information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Under HKFRS 9, the Group recognises a loss allowance for ECL on financial assets which are subject to impairment. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition.

For further details, including the accounting policies for the impairment of financial assets for the years ended 31 March 2017 and 2018, please refer to note 3, 4 and 5 to the Accountants' Report set out in Appendix I to this listing document.

Leases

Our Group has applied HKFRS 16 for the first time on 1 April 2019. HKFRS 16 superseded HKAS 17 Leases and the related interpretations.

Under HKFRS 16, our Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Our Group has elected the practical expedient to apply HKFRS 16, and therefore, our Group has not reassessed contracts which already existed prior to the date of initial application. For contracts entered into or modified on or after 1 April 2019, our Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

Upon the adoption of HKFRS 16, our Group recognises lease liabilities and right-of-use assets at the commencement date of the lease. Lease liabilities are measured at the present value of lease payments that are unpaid. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

For further details, including the accounting policies and effects arising from initial application of HKFRS 16 "Leases", please refer to note 3 and 4 to the Accountants' Report set out in Appendix I to this listing document.

Impact of the adoption of HKFRS 9, HKFRS 15 and HKFRS 16

The Directors consider the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 does not have any material impact on the financial position, performance and financial ratios of the Group. For the effects of the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 to the financial statements, please refer to note 3 to the Accountants' Report set out in Appendix I to this listing document.

RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of profit or loss and other comprehensive income during the Track Record Period as extracted from the Accountants' Report included in Appendix I to this listing document:

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Revenue	430,524	527,114	878,762	221,902	305,376
Cost of services	(398,509)	(485,183)	(816,413)	(206,134)	(283,186)
Gross profit	32,015	41,931	62,349	15,768	22,190
Other income and gains and losses	1,869	560	815	218	230
Impairment losses, net of reversal of impairment on trade receivables and contract assets	—	—	(972)	(276)	(800)
Administrative expenses	(5,816)	(12,023)	(15,966)	(4,043)	(3,689)
Listing expenses	—	(15,618)	—	—	(10,179)
Finance costs	(76)	(104)	(275)	(74)	(94)
Profit before taxation	27,992	14,746	45,951	11,593	7,658
Income tax expense	(4,366)	(5,068)	(7,683)	(1,943)	(2,960)
Profit and total comprehensive income for the year/period attributable to owners of the Company	23,626	9,678	38,268	9,650	4,698

DESCRIPTIONS OF CERTAIN INCOME STATEMENT ITEMS

Revenue

We generated revenue of approximately HK$430.5 million, HK$527.1 million, HK$878.8 million and HK$305.4 million for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively. The following table sets forth our revenue breakdown by type of services for the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000 (unaudited)	% of total revenue	HK$'000	% of total revenue
RMAA Services	379,571	88.2	431,435	81.8	648,297	73.8	186,188	83.9	211,441	69.2
Building Construction Services	50,953	11.8	95,679	18.2	230,465	26.2	35,714	16.1	93,935	30.8
Total	430,524	100.0	527,114	100.0	878,762	100.0	221,902	100.0	305,376	100.0

Revenue derived from the provision of RMAA services was approximately HK$379.6 million, HK$431.4 million, HK$648.3 million and HK$211.4 million for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively, representing approximately 88.2%, 81.8%, 73.8% and 69.2% of our total revenue for the corresponding year/period.

Revenue derived from the provision of building construction services was approximately HK$51.0 million, HK$95.7 million, HK$230.5 million and HK$93.9 million for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively, representing approximately 11.8%, 18.2%, 26.2% and 30.8% of our Group's total revenue for the corresponding year/period.

The following table sets forth our revenue breakdown by sector for the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000	% of total revenue	HK$'000 (unaudited)	% of total revenue	HK$'000	% of total revenue
Public sector projects	409,202	95.0	525,844	99.8	876,840	99.8	221,140	99.7	304,544	99.7
Private sector projects	21,322	5.0	1,270	0.2	1,922	0.2	762	0.3	832	0.3
Total	430,524	100.0	527,114	100.0	878,762	100.0	221,902	100.0	305,376	100.0

Revenue derived from public sector projects was approximately HK$409.2 million, HK$525.8 million, HK$876.8 million and HK$304.5 million for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively, representing approximately 95.0%, 99.8%, 99.8% and 99.7% of our Group's total revenue for the corresponding year/period.

Revenue derived from private sector projects was approximately HK$21.3 million, HK$1.3 million, HK$1.9 million and HK$0.8 million for the years ended 31 March 2017, 2018 and 2019 and for the four months ended 31 July 2019, respectively, representing approximately 5.0%, 0.2%, 0.2% and 0.3% of our Group's total revenue for the corresponding year/period.

During the Track Record Period and up to the Latest Practicable Date, we had completed 64 projects, which consisted of 62 RMAA services projects and two building construction services projects. The table below sets forth details of our projects completed during the Track Record Period and up to the Latest Practicable Date.

Project code	Public or private sector	Particulars of project	Nature of the building	Main category of works	Project period	Awarded contract sum	Revenue recognised for the year ended 31 March 2017	2018	2019	Revenue recognised for the four months ended 31 July 2019	Total revenue recognised during the Track Record Period
						HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
During the Track Record Period											
Completed projects with awarded contract sum of more than HK$3.0 million each:											
R1	Public	Design and build contract of minor works to Hong Kong Government and subvented properties	Government	RMAA services	February 2009 – December 2016	72,500	16,283	1,760	306	–	18,349
R2	Public	RMAA services of toilets in NT east	Toilets	RMAA services	September 2009 – March 2017	51,112	2,056	2,225	–	–	4,281
C1	Public	Construction of a new soccer field, rugby pitch and jogging trail in NT west	Sportsground	Building construction services	August 2012 – April 2017	124,979	2,132	–	–	–	2,132
C2	Public	Construction of a new promenade	Park	Building construction services	February 2013 – September 2017	151,471	1,115	1,991	2,139	–	5,245
R3	Public	RMAA services for aided schools on Hong Kong Island and in Kowloon east	Educational	RMAA services	April 2013 – December 2017	92,780	7,806	1,854	802	–	10,462
R4	Private	Design, supply and installation of shop front, aluminium cladding and glass wall of a shopping mall	Commercial	RMAA services	August 2013 – June 2016	11,648	3,008	1,000	–	–	4,008
R5	Public	Minor and electrical works for Hong Kong Government and subvented properties in several districts of Hong Kong Island and NT west	Government	RMAA services	December 2013 – April 2019	73,480	41,674	14,616	2,427	–	58,717
R6	Public	Refurbishment of ceiling and lighting of two railway stations	Transportation	RMAA services	February 2014 – November 2016	13,800	413	–	–	–	413
R7	Public	Minor works for Hong Kong Government properties in NT west	Government	RMAA services	April 2014 – December 2017	205,700	85,815	30,405	1,548	–	117,768
R8	Public	Establishment of high voltage testing plant and facilities of a depot	Industrial	RMAA services	May 2015 – July 2016	3,080	240	–	–	–	240
R9	Private	Design, supply and installation of curtain wall system and window wall system in NT west	Commercial	RMAA services	September 2015 – January 2017	18,345	16,225	11	144	–	16,380
R10	Public	Refurbishment of toilets and pipe works of railway stations	Transportation	RMAA services	November 2015 – November 2016	7,980	5,114	–	581	–	5,695
R11	Private	Alteration and addition works for the development of a new hotel	Commercial	RMAA services	January 2015 – July 2017	17,979	3,913	–	–	–	3,913
R12	Public	Improvement works of train crew office	Transportation	RMAA services	May 2016 – April 2017	4,417	4,052	604	13	–	4,669 *(Note 1)*
R13	Public	Provision of redecoration and repair works to the sports complex of a university	Educational	RMAA services	June 2017 – October 2017	6,477	–	6,522	175	–	6,697 *(Note 1)*
R14	Public	Wide gate installation of railway station	Transportation	RMAA services	November 2017 – November 2018	3,750	–	560	3,786	–	4,346 *(Note 1)*
R15	Public	RMAA services of a school at NT east	Educational	RMAA services	November 2017 – January 2019	5,820	–	1,746	4,685	–	6,431 *(Note 1)*
47 projects with awarded contract sum of less than HK$3.0 million each						20,381	9,778	4,882	2,490	832	17,982
All completed projects						886,332	199,624	68,176	19,096	832	287,728

Note:

1. For some projects, the revenue recognised was larger than the awarded contract sum due to revenue recognised for the variation orders pursuant to the contract with our customer.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, aggregate revenue generated from our major contracts completed with awarded contract sum over HK$3.0 million were approximately HK$189.8 million, HK$63.3 million, HK$16.6 million and nil, respectively, which together accounted for approximately 12.6% of our total revenue for the Track Record Period.

The following table sets forth details of our on-going projects as at Latest Practicable Date:

Project code	Public or private sector	Particulars of project	Nature of building	Main category of works	Expected project period	Awarded contract sum	Revenue recognised for the year ended 31 March 2017	2018	2019	Revenue recognised for the four months ended 31 July 2019	Total revenue recognised during the Track Record Period	Revenue expected to be recognised after the Track Record Period
						HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
On-going projects as at the Latest Practicable Date awarded on or before 31 July 2019:												
A1	Public	Design and build for Hong Kong Government and subvented properties	Government	RMAA services	April 2015 – April 2020	35,000	2,919	10,610	12,397	3,850	29,776	5,224
A2	Public	Refurbishment and conversion of a hospital	Government	Building construction services	June 2015 – January 2020	166,917	42,584	61,339	72,731	12,019	188,673 *(Note 1)*	970
A3	Public	Maintenance and repair work for a hospital	Medical	RMAA services	October 2015 – September 2019	154,939	21,626	69,405	6,227	11,468	108,726	46,418
A4	Public	RMAA services of all aided schools at NT east	Educational	RMAA services	April 2016 – December 2019	435,520	108,778	128,214	280,189	74,022	591,203 *(Note 1)*	66,878
A5	Public	RMAA services of all aided schools at NT west	Educational	RMAA services	April 2016 – December 2019	264,452	49,872	66,541	91,288	35,183	242,884	21,568
A6	Public	Superstructure and external works in relation to construction of two 6-storey columbarium blocks, demolition of staff quarters and road enhancement works	Columbarium	Building construction services	December 2016 – December 2019	285,961	5,121	32,350	104,935	59,824	202,230	83,731
A7	Public	Maintenance and repair work for Hong Kong Government properties on Hong Kong Island	Government	RMAA services	April 2017 – March 2021	320,000	—	42,149	100,611	32,228	174,988	145,012
A8	Public	Maintenance and repair work for Hong Kong Government properties at NT east and outlying islands	Government	RMAA services	April 2017 – March 2021	615,100	—	48,330	135,723	46,442	230,495	384,605
A9	Public	Construction of reprovisioning facilities at a reservoir	Government	Building construction services	July 2018 – November 2020	174,961	—	—	50,661	22,092	72,753	102,208
A10	Public	Maintenance and repair work for Hong Kong Government properties on Hong Kong Island	Government	RMAA services	July 2018 – July 2021	69,103	—	—	3,420	836	4,256	64,847
A11	Public	Maintenance and repair work for a hospital	Medical	RMAA services	October 2018 – September 2021	105,000	—	—	1,159	6,580	7,739	97,261
A12	Public	Roof waterproofing works in Kowloon	Transportation	RMAA services	November 2018 – November 2020	6,489	—	—	325	—	325	6,164
A13	Public	Enhancement works of automated people mover and tunnel on Lantau Island	Transportation	RMAA services	October 2019 – April 2020	3,303	—	—	—	—	—	3,303
						2,636,745	230,900	458,938	859,666	304,544	1,854,048	1,028,189
On-going project as at the Latest Practicable Date awarded after 31 July 2019:												
A14	Public	Revamp of public toilet	Transportation	RMMA services	August 2019 – March 2021	113,000	—	—	—	—	—	113,000
A15	Public	Refurbishment of a building on Hong Kong Island	Transportation	RMAA services	October 2019 – December 2020	4,682	—	—	—	—	—	4,682
One project with awarded contract sum of less than HK$3.0 million						2,850	—	—	—	—	—	2,850
All on-going projects as at the Latest Practicable Date						2,757,277	230,900	458,938	859,666	304,544	1,854,048	1,148,721

Note:

1. For some projects, the revenue recognised during the Track Record Period was larger than the awarded contract sum due to revenue recognised for the variation orders pursuant to the contract with our customer.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, aggregate revenue generated from our on-going projects were approximately HK$230.9 million, HK$458.9 million, HK$859.7 million and HK$304.5 million, respectively, which together accounted for approximately 86.6% of our total revenue for the Track Record Period.

Cost of services

The following table sets forth a summary of our cost of services for the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total cost of services	HK$'000	% of total cost of services	HK$'000	% of total cost of services	HK$'000 (unaudited)	% of total cost of services	HK$'000	% of total cost of services
Subcontracting costs	236,556	59.4	303,361	62.5	545,829	66.9	141,382	68.6	180,876	63.9
Materials costs	60,686	15.2	61,322	12.6	92,264	11.3	26,433	12.8	38,132	13.5
Management fee	50,563	12.7	66,300	13.7	101,286	12.4	19,887	9.6	31,892	11.3
Direct labour costs	23,394	5.9	32,474	6.7	49,207	6.0	11,370	5.5	21,633	7.6
Other costs	27,310	6.8	21,726	4.5	27,827	3.4	7,062	3.5	10,653	3.7
Total	398,509	100.0	485,183	100.0	816,413	100.0	206,134	100.0	283,186	100.0

Our cost of services primarily consists of (i) subcontracting costs; (ii) material costs; (iii) management fee; and (iv) direct labour costs. Our cost of services increased by approximately HK$86.7 million or 21.7%, from approximately HK$398.5 million for the year ended 31 March 2017 to approximately HK$485.2 million for the year ended 31 March 2018. Our cost of services increased by approximately HK$331.2 million or 68.3%, from approximately HK$485.2 million for the year ended 31 March 2018 to approximately HK$816.4 million for the year ended 31 March 2019. Our cost of services increased by approximately HK$77.1 million or 37.4%, from approximately HK$206.1 million for the four months ended 31 July 2018 to approximately HK$283.2 million for the four months ended 31 July 2019.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's total cost of services on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% which is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
If the cost of services had been 5% higher/lower					
Decrease/increase in profit before taxation	19,925	24,259	40,821	10,307	14,159
Percentage decrease/increase in profit before taxation	71.2%	164.5%	88.8%	88.9%	184.9%
Decrease/increase in net profit	16,638	20,256	34,085	8,606	11,823
Percentage decrease/increase in net profit	70.4%	209.3%	89.1%	89.2%	251.7%

(i) *Subcontracting costs*

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our subcontracting costs amounted to approximately HK$236.6 million, HK$303.4 million, HK$545.8 million and HK$180.9 million, respectively, representing approximately 59.4%, 62.5%, 66.9% and 63.9% of our cost of services, respectively. Subcontracting costs mainly represent direct fees paid and payable to subcontractors. During the Track Record Period, works that we delegated to our subcontractors were generally labour intensive or required specific skillset. The level of subcontracting costs incurred by our Group in any given financial period were influenced by factors such as the number of projects in progress at any given point of time; the work schedule of each project; and the size and complexity of each project. Please refer to the paragraph headed "Business — Suppliers — Basis of selecting subcontractors" in this listing document for further details about our subcontractors.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's subcontracting costs on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
If the subcontracting costs had been 5% higher/lower					
Decrease/increase in profit before taxation	11,828	15,168	27,291	7,069	9,044
Percentage decrease/increase in profit before taxation	42.3%	102.9%	59.4%	61.0%	118.1%
Decrease/increase in net profit	9,876	12,665	22,788	5,903	7,552
Percentage decrease/increase in net profit	41.8%	130.9%	59.5%	61.2%	160.7%

(ii) ***Material costs***

The following table sets out the breakdown of our material costs of the Group during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total material costs	HK$'000	% of total material costs	HK$'000	% of total material costs	HK$'000 (unaudited)	% of total material costs	HK$'000	% of total material costs
Steel	23,909	39.4	13,148	21.4	26,649	28.9	6,723	25.4	15,208	39.9
Aluminium	4,192	6.9	944	1.5	1,031	1.1	610	2.3	980	2.6
Wood	5,180	8.5	3,682	6.0	3,906	4.2	1,088	4.1	1,362	3.6
Plaster	10,908	18.0	19,520	31.8	27,867	30.2	8,983	34.0	10,628	27.9
Tile	3,361	5.5	3,348	5.5	5,348	5.8	1,896	7.2	2,346	6.2
Sanitary ware	4,275	7.0	6,268	10.2	4,873	5.3	1,730	6.5	1,758	4.6
Glass	340	0.6	408	0.7	688	0.7	177	0.7	246	0.6
Roofing and waterproofing materials	829	1.4	592	1.0	325	0.4	70	0.3	60	0.1
Others	7,692	12.7	13,412	21.9	21,577	23.4	5,156	19.5	5,544	14.5
Total	60,686	100.0	61,322	100.0	92,264	100.0	26,433	100.0	38,132	100.0

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our material costs amounted to approximately HK$60.7 million, HK$61.3 million, HK$92.3 million and HK$38.1 million respectively, representing approximately 15.2%, 12.6%, 11.3% and 13.5% of our cost of services, respectively. Material costs mainly represent costs of raw material consumed in the course of our project undertakings including but not limited to steel, plaster and sanitary ware. The material costs incurred for a particular contract varies from project to project depending on the nature and size of our project.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's material costs on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% which is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
If the material costs had been 5% higher/lower					
Decrease/increase in profit before taxation	3,034	3,066	4,613	1,322	1,907
Percentage decrease/increase in profit before taxation	10.8%	20.8%	10.0%	11.4%	24.9%
Decrease/increase in net profit	2,534	2,560	3,852	1,104	1,592
Percentage decrease/increase in net profit	10.7%	26.5%	10.1%	11.4%	33.9%

Given that the construction materials are usually delivered by our suppliers to our project sites directly for immediate consumption, we generally do not stock up any excess inventory of construction materials at our project sites. Due to the limitation of the storage in the field work, our project managers are responsible for the overall scheduling of orders and deliveries of the materials, so as to match materials deliveries with the project's requirements. As such, our Group did not have any significant amount of uninstalled materials as at the end of each reporting period.

(iii) ***Management fee***

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our management fee amounted to approximately HK$50.6 million, HK$66.3 million, HK$101.3 million and HK$31.9 million respectively, representing approximately 12.7%, 13.7%, 12.4% and 11.3% of our cost of services, respectively. Management fee mainly represents project management and administration fee charged by our customers, which is payable by us in respect of provision of project management personnel by our customers such as contract manager, quantity surveying manager and safety officer, and may also cover liaison work with contract owners. Such management fee is mutually agreed between us and our customers and is based on a certain percentage of 5% to 42% of the awarded contract sum as stated in the relevant contracts, which is determined with reference to types and experience of personnel required for each project. According to the F&S Report, it is not uncommon in the Hong Kong construction industry for main contractors to charge its subcontractors certain management fee as in some of our projects which management fee is charged by our customers. Details of our management fee mainly represents project management and administration fee charged by our customers during the Track Record Period are set out below:

		For the year ended 31 March			For the four months ended 31 July	
Customer	**Key projects**	**2017**	**2018**	**2019**	**2018**	**2019**
		HK$'000	**HK$'000**	**HK$'000**	**HK$'000 (unaudited)**	**HK$'000**
Chee Cheung Hing Maintenance Co., Limited	A7	—	6,690	18,892	3,576	4,333
Cheung Hing Construction Company Limited	A1 and R2	1,127	2,988	1,761	1,109	892
Chun Wo	A3, A6, A8 and R3	—	16,173	20,331	4,615	5,800
Citylink Design and Build Limited	R1	4,068	292	—	—	—
HLT Construction Co., Ltd	A5	11,331	15,569	18,878	3,940	6,848
Pacific Extend	A4, A10, R5 and R7	33,431	24,227	41,088	6,576	14,019
Others		606	361	336	71	—
Total		50,563	66,300	101,286	19,887	31,892

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's management fee on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% which is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended 31 March			For the four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000 (unaudited)**	**HK$'000**
If the management fee had been 5% higher/lower					
Decrease/increase in profit before taxation	2,528	3,315	5,064	994	1,595
Percentage decrease/increase in profit before taxation	9.0%	22.5%	11.0%	8.6%	20.8%
Decrease/increase in net profit	2,111	2,768	4,229	830	1,331
Percentage decrease/increase in net profit	8.9%	28.6%	11.1%	8.6%	28.3%

(iv) ***Direct labour costs***

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our direct labour costs amounted to approximately HK$23.4 million, HK$32.5 million, HK$49.2 million and HK$21.6 million respectively, representing approximately 5.9%, 6.7%, 6.0% and 7.6% of our cost of services, respectively. Direct labour costs mainly represent compensation and benefits provided to the staff of our Group's project team and direct workers who are directly involved in the provision of our Group's services. The labour costs incurred for a particular contract varies from project to project depending on the nature and size of our project, and is mainly driven by factors such as man and machine hours incurred; the construction site condition; and the size and complexity of the projects undertaken.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our Group's direct labour costs on our Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% which is considered reasonable for the purpose of this sensitivity analysis:

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
If the direct labour costs had been 5% higher/lower					
Decrease/increase in profit before taxation	1,170	1,624	2,460	569	1,082
Percentage decrease/increase in profit before taxation	4.2%	11.0%	5.4%	4.9%	14.1%
Decrease/increase in net profit	977	1,356	2,054	475	903
Percentage decrease/increase in net profit	4.1%	14.0%	5.4%	4.9%	19.2%

Contra charges

As confirmed by our Directors, it is common in the industry that a main contractor may pay on behalf of its subcontractors for certain expenses for a project. Such expenses are typically deducted from its payments to the relevant subcontractors in settling its service fees for the project. Such payment arrangement is referred to as "contra charge arrangement" and the amounts involved are referred to as the "contra charges".

During the Track Record Period, we had contra charge arrangement with some of our customers. Such contra charge generally included purchase cost of materials, service fees and other miscellaneous expenses.

During the Track Record Period, some of our projects involved contra charge arrangement. Pursuant to the contra charge arrangement sets out in the relevant contract, our customer may purchase materials or incur other expenses for a project and make payments on our behalf. Such amounts are settled by way of contra charge to the account with such customer. Effectively, the payments due to us from our customers will be settled after netting off such contra charge amounts. The relevant costs in relation with contra charges are accounted for under the cost of services according to the nature of the costs paid by customers.

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our contra charges incurred amounted to approximately HK$20.3 million, HK$25.7 million, HK$45.9 million and HK$20.4 million respectively, representing approximately 5.1%, 5.3%, 5.6% and 7.2% of our total costs of services for the same period respectively. During the Track Record

Period, as confirmed by our Directors, we had no material dispute with our customers as regards the contra charge arrangement and the contra charge amounts involved. In addition, as we settled the contra charges by netting off with the payments due from our customers, both cash inflows from the project work done and cash outflows from the purchase of materials or the payment on miscellaneous expenses were reduced by the same amount. Therefore, the contra charge arrangement also had no material impact on our cashflow positions during the Track Record Period.

Gross profit and gross profit margin

Our gross profit was approximately HK$32.0 million, HK$41.9 million, HK$62.3 million and HK$22.2 million for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively, with our overall gross profit margin remained stable ranging from approximately 7.1% to 8.0%. Our Directors are of the view that, and confirmed by Frost & Sullivan, there is no industry norm as to whether the gross profit margin of building construction services or RMAA services is higher. As disclosed in the paragraph headed "Business — Pricing Strategy" in this listing document, we generally set our tender and/or quotation price on a project-by-project basis based on the estimated costs to be incurred plus a certain mark-up percentage. As a result, the gross profit margin for each of our RMAA services and building construction services project varies on a project-by-project basis and is dependent on various factors, such as (i) the nature, scope and complexity of the project; (ii) estimated direct cost to complete the project, including mainly those in relation to the type and amount of materials needed, direct labour costs and subcontracting costs; (iii) prevailing market conditions; and (iv) relationship with and background of our customers. Our Directors confirmed that the building construction services projects undertook by our Group during Track Record Period generally had higher risks and were subjected to higher unforeseen uncertainties as compared to RMAA services projects. As a result, during the initial price determination in project tendering/quotation process, our Group generally set a higher contract price to allow for larger amount of contingencies for these building construction services projects which resulted in higher budgeted gross profit margins. Therefore, during Track Record Period, our Group recorded higher gross profit margin for building construction services than that of RMAA services. From cost structure perspective, our RMAA services incurred relatively higher percentage of subcontracting costs and management fee as compared to building construction services during Track Record Period. The following table sets forth a breakdown of gross profit and gross profit margin by type of services for the years/periods indicated:

	For the year ended 31 March									For the four months ended 31 July					
	2017			2018			2019			2018			2019		
	HK$'000	% of total gross profit	Gross profit margin (%)	HK$'000	% of total gross profit	Gross profit margin (%)	HK$'000	% of total gross profit	Gross profit margin (%)	HK$'000 (unaudited)	% of total gross profit	Gross profit margin (%)	HK$'000	% of total gross profit	Gross profit margin (%)
RMAA Services	25,833	80.7	6.8	30,082	71.7	7.0	35,779	57.4	5.5	11,515	73.0	6.2	12,382	55.8	5.9
Building Construction Services	6,182	19.3	12.1	11,849	28.3	12.4	26,570	42.6	11.5	4,253	27.0	11.9	9,808	44.2	10.4
Total/overall	32,015	100.0	7.4	41,931	100.0	8.0	62,349	100.0	7.1	15,768	100.0	7.1	22,190	100.0	7.3

The following table sets forth our gross profit and gross profit margin by sectors for the years/periods indicated:

	For the year ended 31 March									For the four months ended 31 July					
	2017			2018			2019			2018			2019		
	HK$'000	% of total gross profit	Gross profit margin (%)	HK$'000	% of total gross profit	Gross profit margin (%)	HK$'000	% of total gross profit	Gross profit margin (%)	HK$'000 (unaudited)	% of total gross profit	Gross profit margin (%)	HK$'000	% of total gross profit	Gross profit margin (%)
Public sector projects	29,975	93.6	7.3	41,788	99.7	7.9	62,126	99.6	7.1	15,676	99.4	7.1	22,066	99.4	7.2
Private sector projects	2,040	6.4	9.6	143	0.3	11.3	223	0.4	11.6	92	0.6	12.1	124	0.6	14.9
Total/overall	32,015	100.0	7.4	41,931	100.0	8.0	62,349	100.0	7.1	15,768	100.0	7.1	22,190	100.0	7.3

Other income and gains and losses

Other income and gains and losses mainly include (i) bank interest income; (ii) gain/(loss) on disposal of plant and equipment; (iii) handling income which represents service fee for purchasing materials for subcontractors; and (iv) imputed interest income on amounts due from shareholders. The following table sets forth details of our Group's other income and gains and losses for the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total other income and gains and losses	HK$'000	% of total other income and gains and losses	HK$'000	% of total other income and gains and losses	HK$'000 (unaudited)	% of total other income and gains and losses	HK$'000	% of total other income and gains and losses
Bank interest income	—	—	2	0.4	460	56.4	131	60.1	126	54.8
Gain/(loss) on disposal of plant and equipment	63	3.4	250	44.6	(2)	(0.2)	—	—	70	30.4
Handling income	262	14.0	307	54.8	357	43.8	87	39.9	34	14.8
Imputed interest income on amounts due from shareholders	1,438	76.9	—	—	—	—	—	—	—	—
Others	106	5.7	1	0.2	—	—	—	—	—	—
Total	1,869	100.0	560	100.0	815	100.0	218	100.0	230	100.0

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our other income and gains and losses was approximately HK$1.9 million, HK$0.6 million, HK$0.8 million and HK$0.2 million, respectively, representing approximately 0.4%, 0.1%, 0.1% and 0.1% of our revenue, respectively.

Impairment losses, net of reversal of impairment on trade receivables and contract assets

Upon the adoption of HKFRS 9 since 1 April 2018, our Group began to recognise a loss allowance for ECL on financial assets, including trade receivables, other receivables, contract assets and bank balances, which are subject to impairment under HKFRS 9. The following table sets forth details of our impairment losses, net of reversal of impairment on trade receivables and contract assets for the years/periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000 (unaudited)**	**HK$'000**
Impairment losses recognised/ (reversed) on:					
— Trade receivables	—	—	1,086	(189)	(59)
— Contract assets	—	—	(114)	465	859
Total	—	—	972	276	800

During the year ended 31 March 2019, our Group provided HK$1.1 million and reversed HK$0.1 million impairment losses for trade receivables and contract assets respectively. For the four months ended 31 July 2019, our Group reversed HK$0.1 million and provided HK$0.9 million impairment losses for trade receivables and contract assets respectively. For further details of impairment assessment, please refer to note 37 to the Accountants' Report set out in Appendix I to this listing document.

Administrative expenses

Our Group's administrative expenses mainly include auditor's remuneration, depreciation, staff costs recognised in administrative expenses (including Directors' remuneration), rental expenses, entertainment expenses, motor vehicles expenses, office expenses and other expenses. The following table sets forth a breakdown of our administrative expenses for the years/periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2017		2018		2019		2018		2019	
	HK$'000	% of total administrative expenses	HK$'000	% of total administrative expenses	HK$'000	% of total administrative expenses	HK$'000 (unaudited)	% of total administrative expenses	HK$'000	% of total administrative expenses
Auditor's remuneration	200	3.4	830	6.9	1,050	6.6	—	—	—	—
Depreciation	324	5.6	249	2.1	212	1.3	71	1.8	206	5.6
Staff costs recognised in administrative expenses (including Director's remuneration)	3,472	59.7	8,596	71.5	10,915	68.4	2,472	61.1	2,372	64.3
Rental expenses	144	2.5	320	2.7	301	1.9	100	2.5	2	0.1
Entertainment expenses	434	7.5	786	6.5	564	3.5	388	9.6	162	4.4
Motor vehicles expenses	273	4.7	367	3.1	396	2.5	135	3.3	148	4.0
Office expenses	456	7.8	460	3.8	446	2.8	239	5.9	237	6.4
Other expenses	513	8.8	415	3.4	2,082	13.0	638	15.8	562	15.2
Total	5,816	100.0	12,023	100.0	15,966	100.0	4,043	100.0	3,689	100.0

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our administrative expenses was approximately HK$5.8 million, HK$12.0 million, HK$16.0 million and HK$3.7 million, respectively, representing approximately 1.4%, 2.3%, 1.8% and 1.2% of our revenue for the corresponding period.

Listing expenses

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our listing expenses were approximately nil, HK$15.6 million, nil and HK$10.2 million, respectively, representing approximately nil, 3.0%, nil and 3.3% of our revenue for the corresponding period. While the listing expenses incurred during the year ended 31 March 2018 were related to Listing on GEM of our Group in February 2018, the listing expenses incurred during the four months ended 31 July 2019 were related to the Transfer of Listing of our Group.

Finance costs

The following table sets forth a breakdown of our finance costs for the years/periods indicated:

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Interest on finance leases	76	104	58	24	—
Interest on bank borrowings	—	—	217	50	71
Interest on lease liabilities	—	—	—	—	23
Total	76	104	275	74	94

For the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, our finance costs, which mainly represent the interest on finance lease for our motor vehicles and bank borrowings, were approximately HK$0.1 million, HK$0.1 million, HK$0.3 million and HK$0.1 million, respectively.

Income tax expense

Hong Kong

Our Group's revenue during the Track Record Period was derived in Hong Kong and our Group was subject to profits tax in Hong Kong. Hong Kong profits tax is charged at a statutory rate of 16.5% of the estimated assessable profits for the years ended 31 March 2017 and 2018. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 which introduced the two-tiered profits tax rates regime. Accordingly, for the year ended 31 March 2019 and onwards, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. For more details, please see note 11 to the Accountants' Report set out in Appendix I to this listing document.

Cayman Islands

We are not subject to Cayman Islands profit tax as we had no assessable income arising in or derived from the Cayman Islands during the Track Record Period.

Save as disclosed in the paragraph headed "Business — Non-compliance" in this listing document, during the Track Record Period and up to the Latest Practicable Date, as confirmed by our Directors, we had paid all relevant taxes applicable to us and did not have any dispute or issue with tax authorities which have had a material impact on our business, financial conditions or result of operation.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OUR OPERATION

Period ended 31 July 2019 compared to period ended 31 July 2018

Revenue

Our revenue increased by approximately 37.6% from approximately HK$221.9 million for the four months ended 31 July 2018 to approximately HK$305.4 million for the four months ended 31 July 2019. The increase was primarily due to the increase in revenue recognised for RMAA services of approximately HK$25.3 million and increase in revenue recognised for building construction services of approximately HK$58.2 million.

(i) *RMAA services*

Our revenue derived from RMAA services increased by approximately HK$25.3 million or 13.6%, from approximately HK$186.2 million for the four months ended 31 July 2018 to approximately HK$211.4 million for the four months ended 31 July 2019. Such increase was mainly due to (i) the increase in revenue recognised of approximately HK$10.0 million for project A4 mainly attributable to more RMAA services work, including electrical and air conditioning work, completed for the four months ended 31 July 2019; (ii) the increase in revenue recognised of approximately HK$10.7 million for project A8 mainly attributable to more maintenance and repair work and electrical work completed for the four months ended 31 July 2019; (iii) the increase in revenue recognised of approximately HK$8.2 million for project A7 mainly attributable to more maintenance and repair work completed in southern district of Hong Kong Island for the four months ended 31 July 2019; and (iv) the increase in revenue recognised of approximately HK$7.9 million for project A3 mainly attributable to more general maintenance and repair work completed for the four months ended 31 July 2019; and partially offset by the decrease in revenue recognised of approximately HK$9.3 million for project A5 mainly attributable to less RMAA services work completed for the four months ended 31 July 2019.

(ii) *Building construction services*

Our revenue derived from building construction services increased by approximately HK$58.2 million or 163.0%, from approximately HK$35.7 million for the four months ended 31 July 2018 to approximately HK$93.9 million for the four months ended 31 July 2019. Such increase was mainly due to (i) the increase in revenue recognised of approximately HK$55.1 million for project A6 mainly attributable to our work done in relation to the construction works of superstructure for columbarium blocks for the four months ended 31 July 2019; and (ii) the increase in revenue recognised of approximately HK$21.4 million for project A9 mainly attributable to more value of work certified for the four months ended 31 July 2019. Project A9 commenced in July 2018 and therefore only revenue in respect of our work done for the first month fell into the four months ended 31 July 2018, as compared to revenue of four months of work done recognised for the four months ended 31 July 2019. The increase in revenue derived from building construction services was partially offset by the decrease in revenue recognised of approximately HK$18.3 million for project A2 mainly attributable to majority of contract value was recognised as revenue in previous periods.

Cost of services

Our cost of services increased by approximately 37.4% from approximately HK$206.1 million for the four months ended 31 July 2018 to approximately HK$283.2 million for the four months ended 31 July 2019. Such increase was in line with the increase of revenue for the four months ended 31 July 2019 as compared to the four months ended 31 July 2018.

(i) *Subcontracting costs*

Subcontracting costs increased by approximately HK$39.5 million from approximately HK$141.4 million for the four months ended 31 July 2018 to approximately HK$180.9 million for the four months ended 31 July 2019. Such increase was mainly due to increase of subcontracting costs for several projects, namely project A3, A6, A7, A8 and A9; and partially offset by the decrease of subcontracting costs for project A2.

(ii) *Material costs*

Material costs increased by approximately HK$11.7 million from approximately HK$26.4 million for the four months ended 31 July 2018 to approximately HK$38.1 million for the four months ended 31 July 2019. Such increase was mainly due to increase of material costs for project A6 and A9; and partially offset by the decrease of material costs for project A2 and A5.

(iii) *Management fee*

Management fee increased by approximately HK$12.0 million from approximately HK$19.9 million for the four months ended 31 July 2018 to approximately HK$31.9 million for the four months ended 31 July 2019. Such increase was mainly due to increase of management fee charged by customers for three projects, namely project A4, A5 and A8.

(iv) *Direct labour costs*

Direct labour costs increased by approximately HK$10.3 million from approximately HK$11.4 million for the four months ended 31 July 2018 to approximately HK$21.6 million for the four months ended 31 July 2019. Such increase was mainly due to the increase in direct labour costs for project A6 and A9; partially offset by the decrease of direct labour costs for project A4.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 40.7% from approximately HK$15.8 million for the four months ended 31 July 2018 to approximately HK$22.2 million for the four months ended 31 July 2019. Our gross profit margin remained stable at approximately 7.1% for the four months ended 31 July 2018 and approximately 7.3% for the four months ended 31 July 2019.

(a) *By type of services*

(i) RMAA services

The gross profit margin of RMAA services remained stable at approximately 6.2% for the four months ended 31 July 2018 and approximately 5.9% for the four months ended 31 July 2019.

(ii) Building construction services

The gross profit margin of building construction services decreased from approximately 11.9% for the four months ended 31 July 2018 to approximately 10.4% for the four months ended 31 July 2019. Such decrease was primarily due to the relatively lower gross profit margin recorded by project A2 mainly attributable to higher material costs incurred in relation to installation of lift.

(b) *By sector*

(i) Public sector

The gross profit margin of public sector projects remained stable at approximately 7.1% for the four months ended 31 July 2018 and approximately 7.2% for the four months ended 31 July 2019.

(ii) Private sector

The gross profit margin of private sector projects increased from approximately 12.1% for the four months ended 31 July 2018 to approximately 14.9% for the four months ended 31 July 2019. Such increase was mainly due to a relatively higher gross profit margin recorded by a new project with contract sum of approximately HK$0.7 million.

Other income and gains and losses

Our other income and gains and losses remained stable at approximately HK$0.2 million for the four months ended 31 July 2018 and 31 July 2019.

Impairment losses, net of reversal of impairment on trade receivables and contract assets

Our impairment losses, net of reversal of impairment on trade receivables and contract assets increased from approximately HK$0.3 million for the four months ended 31 July 2018 to approximately HK$0.8 million for the four months ended 31 July 2019. Such increase was mainly due to the increase in net impairment losses recognised on contract assets for the four months ended 31 July 2019.

Administrative expenses

Our administrative expenses decreased by approximately 8.8% from approximately HK$4.0 million for the four months ended 31 July 2018 to approximately HK$3.7 million for the four months ended 31 July 2019. Such decrease was mainly due to (i) decrease in entertainment expenses of approximately HK$0.2 million and (ii) decrease in staff cost of approximately HK$0.1 million. The decrease in staff cost was mainly attributable to the slight decrease in Directors' remuneration.

Finance costs

Our finance costs increased from approximately HK$74,000 for the four months ended 31 July 2018 to HK$94,000 for the four months ended 31 July 2019 mainly attributable to the increase in interest expenses incurred on bank borrowings for the four months ended 31 July 2019.

Income tax expenses

Our income tax expenses increased by approximately 52.3% from approximately HK$1.9 million for the four months ended 31 July 2018 to approximately HK$3.0 million for the four months ended 31 July 2019. Such increase was mainly attributable to the increased in taxable profit for the four months ended 31 July 2019.

Our effective tax rate increased from 16.8% for the four months ended 31 July 2018 to 38.7% for the four months ended 31 July 2019. Such higher effective tax rate for the four months ended 31 July 2019 was mainly due to the non-deductible listing expenses incurred for the four months ended 31 July 2019. Excluding listing expenses, the effective tax rate would be approximately 16.6% for the four months ended 31 July 2019.

Profit for the period

As a result of the foregoing, our net profit decreased by 51.3% from approximately HK$9.7 million for the four months ended 31 July 2018 to approximately HK$4.7 million for the four months ended 31 July 2019. Excluding listing expenses, our net profit growth for the four months ended 31 July 2019 would be approximately 54.2%.

Year ended 31 March 2019 compared to year ended 31 March 2018

Revenue

Our revenue increased by approximately 66.7% from approximately HK$527.1 million for the year ended 31 March 2018 to approximately HK$878.8 million for the year ended 31 March 2019. The increase was primarily due to the increase of revenue recognised for RMAA services of approximately HK$216.9 million and increase of revenue recognised for building construction services of approximately HK$134.8 million.

(i) *RMAA services*

Our revenue derived from RMAA services increased by approximately HK$216.9 million or 50.3%, from approximately HK$431.4 million for the year ended 31 March 2018 to approximately HK$648.3 million for the year ended 31 March 2019. The increase was mainly due to (i) the increase in revenue recognised of approximately HK$152.0 million for project A4 mainly attributable to more RMAA services work, including air conditioning, general maintenance and repair work, completed for the year ended 31 March 2019; (ii) the increase in revenue recognised of approximately HK$87.4 million for project A8 mainly attributable to more maintenance and repair work, including electrical, air conditioning and waterproofing work, completed for the year ended 31 March 2019; and (iii) the increase in revenue recognised of approximately HK$58.5 million for project A7 mainly attributable to more maintenance and repair work completed in south district of Hong Kong Island for the year ended 31 March 2019; and partially offset by (i) the decrease in revenue recognised of approximately HK$63.2 million for project A3 mainly attributable to less general maintenance and repair work completed for the year ended 31 March 2019; and (ii) the decrease in revenue recognised of approximately HK$28.9 million for project R7 mainly attributable to completion of project R7 in December 2017.

(ii) *Building construction services*

Our revenue derived from building construction services increased by approximately HK$134.8 million or 140.9%, from approximately HK$95.7 million for the year ended 31 March 2018 to approximately HK$230.5 million for the year ended 31 March 2019. The increase was mainly due to (i) the increase in revenue recognised of approximately HK$72.6 million for project A6 mainly attributable to the commencement of construction of superstructure for columbarium blocks for the year ended 31 March 2019; and (ii) revenue recognised of approximately HK$50.7 million for project A9 for the year ended 31 March 2019. Project A9 commenced in July 2018 and no revenue was recognised in respect of this project for the year ended 31 March 2018.

Cost of services

Our cost of services increased by approximately 68.3% from approximately HK$485.2 million for the year ended 31 March 2018 to approximately HK$816.4 million for the year ended 31 March 2019. Such increase was in line with the increase of revenue for the year ended 31 March 2019 as compared to the year ended 31 March 2018.

(i) Subcontracting costs

Subcontracting costs increased by approximately HK$242.5 million from approximately HK$303.4 million for the year ended 31 March 2018 to approximately HK$545.8 million for the year ended 31 March 2019. Such increase was mainly due to increase of subcontracting costs for several projects, namely project A4, A5, A6, A7, A8 and A9; and partially offset by the decrease of subcontracting costs for project A3.

(ii) Material costs

Material costs increased by approximately HK$30.9 million from approximately HK$61.3 million for the year ended 31 March 2018 to approximately HK$92.3 million for the year ended 31 March 2019. Such increase was mainly due to increase of material costs for three projects, namely project A5, A6 and A9; and partially offset by the decrease of material costs for project A3.

(iii) Management fee

Management fee increased by approximately HK$35.0 million from approximately HK$66.3 million for the year ended 31 March 2018 to approximately HK$101.3 million for the year ended 31 March 2019. Such increase was mainly due to increase of management fee charged by customers for three projects, namely project A4, A7 and A8.

(iv) Direct labour costs

Direct labour costs increased by approximately HK$16.7 million from approximately HK$32.5 million for the year ended 31 March 2018 to approximately HK$49.2 million for the year ended 31 March 2019. Such increase was mainly due to increase of direct labour costs for three projects, namely project A4, A6 and A9; and partially offset by the decrease of direct labour costs for project A3.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 48.7% from approximately HK$41.9 million for the year ended 31 March 2018 to approximately HK$62.3 million for the year ended 31 March 2019. Our gross profit margin slightly decreased from approximately 8.0% for the year ended 31 March 2018 to approximately 7.1% for the year ended 31 March 2019.

(a) *By type of services*

(i) RMAA services

The gross profit margin of RMAA services decreased from approximately 7.0% for the year ended 31 March 2018 to approximately 5.5% for the year ended 31 March 2019. Such decrease was primarily due to the relatively lower gross profit margin recorded by project A8 mainly attributable to the higher subcontracting costs. The scope of work of project A8 mainly consists of maintenance and repair work for three districts in NT east of Hong Kong. Having considered the scope and workload of the project and availability of resources, the Group delegated most of a district's work to a subcontractor, which have led project A8 to have higher subcontracting costs. Project A8, which commenced in April 2017, accounted for approximately 11.2% and 20.9% of the revenue generated from RMAA services for the years ended 31 March 2018 and 2019 respectively.

(ii) Building construction services

The gross profit margin of building construction services decreased from approximately 12.4% for the year ended 31 March 2018 to approximately 11.5% for the year ended 31 March 2019. Such decrease was primarily due to the relatively lower gross profit margin recorded by project A9 mainly attributable to the upfront site preparation costs incurred in relation to inspection and machinery testing for commencement of project. Project A9, which commenced in July 2018, accounted for approximately 22.0% of the revenue generated from building construction services for the year ended 31 March 2019.

(b) *By sector*

(i) Public sector

The gross profit margin of public sector projects decreased from approximately 7.9% for the year ended 31 March 2018 to approximately 7.1% for the year ended 31 March 2019. Such decrease was mainly due to the decrease of gross profit margin of our projects in the RMAA services segment as explained above.

(ii) Private sector

The gross profit margin of private sector projects increased from approximately 11.3% for the year ended 31 March 2018 to approximately 11.6% for the year ended 31 March 2019. Such increase was mainly due to the relatively higher gross profit margin charged by a project with contract sum of approximately HK$1.0 million. This project accounted for approximately 23.7% and 36.5% of the revenue generated from private sector projects for the years ended 31 March 2018 and 2019 respectively.

Other income and gains and losses

Our other income and gains and losses increased by approximately 45.5% from approximately HK$0.6 million for the year ended 31 March 2018 to approximately HK$0.8 million for the year ended 31 March 2019. Such increase was primarily attributable to increase of bank interest income for the year ended 31 March 2019.

Impairment losses, net of reversal of impairment on trade receivables and contract assets

The Group's impairment allowance, net of reversal for financial assets increased from nil for the year ended 31 March 2018 to HK$1.0 million for the year ended 31 March 2019. Such increase was mainly due to the initial adoption of HKFRS 9 for the year ended 31 March 2019.

Administrative expenses

Our administrative expenses increased by approximately 32.8% from approximately HK$12.0 million for the year ended 31 March 2018 to approximately HK$16.0 million for the year ended 31 March 2019. Such increase was mainly due to (i) the increase of staff costs recognised in administrative expenses of approximately HK$2.3 million primarily attributable to increase of Directors' remuneration; and (ii) increase of other expenses, mainly consisted professional fee in relation to corporate governance and internal control enhancement, of approximately HK$1.1 million.

Finance costs

Our finance costs increased from approximately HK$104,000 for the year ended 31 March 2018 to HK$275,000 for the year ended 31 March 2019 mainly attributable to the increase in interest expenses incurred on bank borrowings for the year ended 31 March 2019.

Income tax expenses

Our income tax expenses increased by approximately 51.6% from approximately HK$5.1 million for the year ended 31 March 2018 to approximately HK$7.7 million for the year ended 31 March 2019. The increase was mainly attributable to the increased profit before tax for the year ended 31 March 2019.

Our effective tax rate decreased from 34.4% for the year ended 31 March 2018 to 16.7% for the year ended 31 March 2019. The higher effective tax rate for the year ended 31 March 2018 was mainly due to the non-deductible listing expenses incurred for the year ended 31 March 2018. Excluding listing expenses, the effective tax rate would be approximately 16.7% for the year ended 31 March 2018.

Profit for the year

As a result of the foregoing, our Group's net profit increased by 295.4% from approximately HK$9.7 million for the year ended 31 March 2018 to approximately HK$38.3 million for the year ended 31 March 2019. Excluding listing expenses, the Group's net profit growth for the year ended 31 March 2019 would be approximately 51.3%.

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

Revenue

Our revenue increased by approximately 22.4% from approximately HK$430.5 million for the year ended 31 March 2017 to approximately HK$527.1 million for the year ended 31 March 2018. The increase was primarily due to increase of revenue recognised for RMAA services of approximately HK$51.9 million and increase of revenue recognised for building construction services of approximately HK$44.7 million.

(i) *RMAA services*

Our revenue derived from RMAA services increased by approximately HK$51.9 million or 13.6%, from approximately HK$379.6 million for the year ended 31 March 2017 to approximately HK$431.4 million for the year ended 31 March 2018. The increase was mainly due to (i) revenue recognised of approximately HK$48.3 million for project A8 for the year ended 31 March 2018. Project A8 commenced in April 2017 and no revenue was recognised in respect of this project for the year ended 31 March 2017; (ii) revenue recognised of approximately HK$42.1 million for project A7 for the year ended 31 March 2018. Project A7 commenced in April 2017 and no revenue was recognised in respect of this project for the year ended 31 March 2017; (iii) the increase in revenue recognised of approximately HK$47.8 million for project A3 mainly attributable to more general maintenance and repair work completed for the year ended 31 March 2018; (iv) the increase in revenue recognised of approximately HK$19.4 million for project A4 mainly attributable to more electrical related RMAA services work completed for the year ended 31 March 2018; and partially offset by (i) the decrease in revenue recognised of approximately HK$55.4 million for project R7 mainly attributable to completion of project R7 in December 2017 and majority of contract value was recognised as revenue in previous years; and (ii) the decrease in revenue recognised of approximately HK$27.1 million for project R5 mainly attributable to majority of contract value was recognised as revenue in previous years.

(ii) *Building construction services*

Our revenue derived from building construction services increased by approximately HK$44.7 million or 87.6%, from approximately HK$51.0 million for the year ended 31 March 2017 to approximately HK$95.7 million for the year ended 31 March 2018. The increase in our revenue derived from the building construction services was mainly due to (i) the increase in revenue recognised of approximately HK$27.2 million for project A6 due to more value of work certified for the year ended 31 March 2018. Project A6 commenced in December 2016 and therefore only revenue in respect of our work done for the first four months fell into the year ended 31 March 2017, as compared to a full year for the year ended 31 March 2018; and (ii) the increase in revenue recognised of approximately HK$18.8 million for project A2 mainly attributable to our work done in relation to the construction works of two building blocks of a hospital for the year ended 31 March 2018; and partially offset by the decrease in revenue recognised of approximately HK$2.1 million for project C1 due to completion of project in the year ended 31 March 2017.

Cost of services

Our cost of services increased by approximately 21.7% from approximately HK$398.5 million for the year ended 31 March 2017 to approximately HK$485.2 million for the year ended 31 March 2018. This increase was in line with the increase in revenue of the year ended 31 March 2018 as compared to 31 March 2017.

(i) Subcontracting costs

Subcontracting costs increased by approximately HK$66.8 million from approximately HK$236.6 million for the year ended 31 March 2017 to approximately HK$303.4 million for the year ended 31 March 2018. Such increase was mainly due to increase of subcontracting costs for several projects, namely project A2, A3, A7 and A8; and partially offset by the decrease of subcontracting costs for project R7.

(ii) Material costs

Material costs slightly increased by approximately HK$0.6 million from approximately HK$60.7 million for the year ended 31 March 2017 to approximately HK$61.3 million for the year ended 31 March 2018. Such increase was mainly due to increase of material costs for project A6 and A8; and partially offset by the decrease of material costs for project R7 and R9.

(iii) Management fee

Management fee increased by approximately HK$15.7 million from approximately HK$50.6 million for the year ended 31 March 2017 to approximately HK$66.3 million for the year ended 31 March 2018. Such increase was mainly due to increase of management fee charged by three projects, namely project A3, A6 and A7.

(iv) Direct labour costs

Direct labour costs increased by approximately HK$9.1 million from approximately HK$23.4 million for the year ended 31 March 2017 to approximately HK$32.5 million for the year ended 31 March 2018. Such increase was mainly due to increase of direct labour costs for three projects, namely project A3, A7 and A8; and partially offset by the decrease of direct labour costs for project R7.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 31.0% from approximately HK$32.0 million for the year ended 31 March 2017 to approximately HK$41.9 million for the year ended 31 March 2018. Our gross profit margin slightly increased from approximately 7.4% for the year ended 31 March 2017 to approximately 8.0% for the year ended 31 March 2018. The increase in gross profit margin was primarily attributable to the increase in the percentage of revenue contributed by building construction services from approximately 11.8% for the year ended 31 March 2017 to approximately 18.2% for the year ended 31 March 2018, as building construction services had a higher gross profit margin as compared to that of RMAA services.

(a) *By type of services*

(i) RMAA services

The gross profit margin of RMAA services remained stable at approximately 6.8% for the year ended 31 March 2017 and approximately 7.0% for the year ended 31 March 2018.

(ii) Building construction services

The gross profit margin of building construction services remained stable at approximately 12.1% for the year ended 31 March 2017 and approximately 12.4% for the year ended 31 March 2018.

(b) *By sector*

(i) Public sector

The gross profit margin of public sector projects increased from approximately 7.3% for the year ended 31 March 2017 to approximately 7.9% for the year ended 31 March 2018. The increase was mainly due to the increase in the percentage of revenue contribution from building construction services in the public sector.

(ii) Private sector

The gross profit margin of private sector projects increased from approximately 9.6% for the year ended 31 March 2017 to approximately 11.3% for the year ended 31 March 2018. Such increase was mainly due to a relatively higher gross profit margin recorded by a new project with contract sum of approximately HK$0.1 million.

Other income and gains and losses

Our other income and gains and losses decreased by approximately 70.0% from approximately HK$1.9 million for the year ended 31 March 2017 to approximately HK$0.6 million for the year ended 31 March 2018. The decrease was mainly attributable to the decrease in imputed interest income on amounts due from shareholders. Since our Company was of the view to settle such amounts due from shareholders before Listing on GEM, the amounts due from shareholders were reclassified from non-current asset to current asset before 31 March 2017. Accordingly, no imputed interest income was recognised during the year ended 31 March 2018.

Administrative expenses

Our administrative expenses increased by approximately 106.7% from approximately HK$5.8 million for the year ended 31 March 2017 to approximately HK$12.0 million for the year ended 31 March 2018. This increase was mainly due to the increase in staff costs recognised in administrative expenses of approximately HK$5.1 million primarily attributable to the increase in staff salaries and Directors' remuneration.

Finance costs

Our Group's finance costs increased from approximately HK$76,000 for the year ended 31 March 2017 to approximately HK$104,000 for the year ended 31 March 2018, which was mainly due to increase in interest on finance lease as a result of additional motor vehicles.

Income tax expenses

Our income tax expenses increased by approximately 16.1% from approximately HK$4.4 million for the year ended 31 March 2017 to approximately HK$5.1 million for the year ended 31 March 2018. Our effective tax rate increased from approximately 15.6% for the year ended 31 March 2017 to approximately 34.4% for the year ended 31 March 2018 primarily due to the non-deductible listing expenses of approximately HK$15.6 million recognised in the year ended 31 March 2018. Excluding the abovementioned, the effective tax rate would be approximately 16.7% which was similar to the statutory tax rate.

Profit for the year

As a result of the foregoing, our Group's net profit decreased by 59.0% from approximately HK$23.6 million for the year ended 31 March 2017 to approximately HK$9.7 million for the year ended 31 March 2018. Excluding listing expenses, the Group's net profit growth for the year ended 31 March 2018 would be approximately 7.1%.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we met our liquidity requirements principally through our cash flow from operations and bank borrowing. Our use of cash are mainly for the financing of our operations, working capital requirements and capital expenditures. Going forward, we do not expect any material changes to the underlying drivers of our source of cash and uses of cash, as well as our use of proceeds as set out in the paragraph headed "Business — Implementation of business strategies and use of proceeds" in this listing document.

Cash flow

The table below sets out selected cash flow data from our consolidated statements of cash flows during the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Operating cash flows before movements in working capital	27,554	15,766	48,089	12,222	8,966
Net cash from/(used in) operating activities	14,981	(23,109)	18,868	(18,528)	(47,304)
Net cash from/(used in) investing activities	(2,735)	(567)	(684)	(867)	(769)
Net cash from/(used in) financing activities	(8,810)	86,281	4,652	6,954	(3,592)
Net increase/(decrease) in cash and cash equivalents	3,436	62,605	22,836	(12,441)	(51,665)
Cash and cash equivalents at the beginning of the year	2,976	6,412	69,017	69,017	91,853
Cash and cash equivalents at the end of the year	6,412	69,017	91,853	56,576	40,188

Net cash from/(used in) operating activities

We derived our cash inflow from operating activities primarily through the receipt of payments from our provision of (i) RMAA services and (ii) building construction services. Our cash outflow from operating activities was primarily attributable to the payment for subcontracting fee, material costs, management fee, direct labour and other expenses for our operating activities.

Year ended 31 March 2017

For the year ended 31 March 2017, we had net cash from operating activities of approximately HK$15.0 million, which was primarily attributable to profit before taxation of approximately HK$28.0 million, adjusted for depreciation of approximately HK$1.0 million; imputed interest income on amounts due from shareholders of approximately HK$1.4 million; interest expenses of approximately HK$0.1 million; and gain on disposal of plant and equipment of approximately HK$0.1 million; and the net effect of (i) increase in trade and other receivables of approximately

HK$20.5 million; (ii) increase in amounts due from customers for contract work of approximately HK$7.5 million; (iii) increase in amounts due to customers for contract work of approximately HK$9.6 million; and (iv) increase in trade and other payables of approximately HK$11.1 million.

Year ended 31 March 2018

For the year ended 31 March 2018, we had net cash used in operating activities of approximately HK$23.1 million, which was primarily attributable to the decrease of profit before taxation from approximately HK$28.0 million for the year ended 31 March 2017 to approximately HK$14.7 million for the year ended 31 March 2018 as a result of the non-recurring listing expenses of approximately HK$15.6 million incurred in the year ended 31 March 2018, adjusted for depreciation of approximately HK$1.2 million; interest expenses of approximately HK$0.1 million; and gain on disposal of plant and equipment of approximately HK$0.3 million; and the net effect of (i) increase in trade and other receivables of approximately HK$43.2 million primarily attributable to progress billings of project A2 and A4; (ii) increase in amounts due from customers for contract work of approximately HK$41.3 million primarily attributable to project A3, A7 and A8; (iii) increase in amounts due to customers for contract work of approximately HK$9.1 million; and (iv) increase in trade and other payables of approximately HK$41.0 million.

Year ended 31 March 2019

For the year ended 31 March 2019, we had net cash from operating activities of approximately HK$18.9 million, which was primarily attributable to profit before taxation of approximately HK$46.0 million, adjusted for depreciation of approximately HK$1.3 million; interest income of approximately HK$0.5 million; interest expenses of approximately HK$0.3 million; impairment loss of approximately HK$1.0 million; and loss on disposal of plant and equipment of approximately HK$2,000; and the net effect of (i) increase in trade and other receivables of approximately HK$31.8 million; (ii) decrease in contract liabilities (after adjustments made upon adoption of HKFRS 9 and HKFRS 15 on 1 April 2018) of approximately HK$11.2 million; (iii) increase in trade and other payables of approximately HK$25.7 million; and (iv) increase in contract assets (after adjustments made upon adoption of HKFRS 9 and HKFRS 15 on 1 April 2018) of approximately HK$2.8 million.

Four months ended 31 July 2019

For the four months ended 31 July 2019, we had net cash used in operating activities of approximately HK$47.3 million, which was primarily attributable to decrease of profit before taxation from approximately HK$11.6 million for the four months ended 31 July 2018 to approximately HK$7.7 million for the four months ended 31 July 2019 as a result of the non-recurring listing expenses of approximately HK$10.2 million incurred in the four months ended 31 March 2019, adjusted for depreciation of right of use assets approximately HK$0.4 million; depreciation of plant and equipment of approximately HK$0.3 million; interest income of approximately HK$0.1 million; interest expenses of approximately HK$0.1 million; impairment loss of approximately HK$0.8 million; and gain on disposal of plant and equipment of approximately HK$0.1 million; and the net effect of (i) decrease in trade and other receivables of approximately HK$8.9 million primarily attributable to settlement of progress billings of project A6 and A9; (ii) decrease in contract liabilities of approximately HK$23.5 million primarily attributable to decrease in advances from customers of construction contracts for project A4 and A6; (iii) increase in trade and other payables of approximately HK$12.4 million primarily attributable to increase of subcontracting and material costs payable for project A5 and A8; and (iv) increase in contract assets of approximately HK$54.1 million primarily attributable to increase in unbilled revenue of construction contracts for project A3, A5, A6 and A7.

Net cash from/(used in) investing activities

Year ended 31 March 2017

For the year ended 31 March 2017, we had net cash used in investing activities of approximately HK$2.7 million, which was primarily attributable to the net effect of (i) purchase of plant and equipment of approximately HK$0.4 million; (ii) advances to shareholders of approximately HK$2.6 million; and (iii) repayment from shareholders of approximately HK$0.3 million.

Year ended 31 March 2018

For the year ended 31 March 2018, we had net cash used in investing activities of approximately HK$0.6 million, which was primarily attributable to the net effect of (i) purchase of plant and equipment of approximately HK$0.5 million; (ii) deposits paid for acquisition of plant and equipment of approximately HK$0.4 million; and (iii) proceeds from disposal of plants and equipments of approximately HK$0.3 million.

Year ended 31 March 2019

For the year ended 31 March 2019, we had net cash used in investing activities of approximately HK$0.7 million, which was primarily attributable to the net effect of (i) purchase of plant and equipment of approximately HK$1.1 million; and (ii) interest received of approximately HK$0.5 million.

Four months ended 31 July 2019

For the four months ended 31 July 2019, we had net cash used in investing activities of approximately HK$0.8 million, which was primarily attributable to the net effect of (i) purchase of plant and equipment of approximately HK$0.9 million; (ii) deposit paid for acquisition of plant and equipment of approximately HK$0.1 million; (iii) proceeds from disposal of plant and equipment of approximately HK$0.1 million; and (iv) interest received of approximately HK$0.1 million.

Net cash from/(used in) financing activities

Year ended 31 March 2017

For the year ended 31 March 2017, we had net cash used in financing activities of approximately HK$8.8 million, which was primarily attributable to (i) dividend paid of approximately HK$8.0 million; (ii) repayment of obligations under finance leases of approximately HK$0.8 million; and (iii) interest paid of approximately HK$0.1 million.

Year ended 31 March 2018

For the year ended 31 March 2018, we had net cash from financing activities of approximately HK$86.3 million, which was primarily attributable to the net effect of (i) proceeds from the Listing on GEM of approximately HK$74.4 million; (ii) share issuance costs of approximately HK$6.9 million; (iii) proceeds from the then Pre-IPO Investment of approximately HK$20.0 million; (iv) repayment of obligations under finance leases for our motor vehicles of approximately HK$1.1 million; and (v) interest paid of approximately HK$0.1 million.

Year ended 31 March 2019

For the year ended 31 March 2019, we had net cash from financing activities of approximately HK$4.7 million, which was primarily attributable to the net effect of (i) drawdown of bank borrowings of approximately HK$14.6 million; (ii) repayment of bank borrowings of approximately HK$8.6 million; (iii) repayment of obligations under finance leases for our motor vehicles of approximately HK$1.0 million; and (iv) interest paid of approximately HK$0.3 million.

Four months ended 31 July 2019

For the four months ended 31 July 2019, we had net cash used in financing activities of approximately HK$3.6 million, which was primarily attributable to the net effect of (i) repayment of bank borrowings of approximately HK$3.2 million; (ii) repayment of lease liabilities of approximately HK$0.3 million; and (iii) interest paid of approximately HK$0.1 million.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to our Group, including the internally generated funds, available facilities, the remaining net proceeds from Listing on GEM, and in the absence of unforeseen circumstances, our Directors are of the opinion that our Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this listing document.

NET CURRENT ASSETS

	As at 31 March			As at 31 July	As at 31 October
	2017	2018	2019	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)
Current assets					
Trade and other receivables	47,212	90,387	99,777	90,944	103,398
Amounts due from customers for contract work	32,290	73,602	—	—	—
Contract assets	—	—	87,196	140,437	131,258
Amounts due from shareholders	18,419	—	—	—	—
Bank balances and cash	6,412	69,017	91,853	40,188	45,530
Current asset	104,333	233,006	278,826	271,569	280,186
Current liabilities					
Trade and other payables	29,018	70,151	67,062	79,464	72,524
Amounts due to customers for contract work	26,866	35,971	—	—	—
Contract liabilities	—	—	45,107	21,643	18,657
Tax payable	3,732	4,214	2,842	5,775	8,916
Obligations under finance lease	699	959	575	—	—
Lease liabilities	—	—	—	830	808
Bank borrowings	—	—	6,028	2,825	1,422
Current liabilities	60,315	111,295	121,614	110,537	102,327
Net current assets	44,018	121,711	157,212	161,032	177,859

As at 31 March 2017, 2018 and 2019 and 31 July 2019 and 31 October 2019, we had net current assets of approximately HK$44.0 million, HK$121.7 million, HK$157.2 million, HK$161.0 million and HK$177.9 million, respectively.

Our net current assets increased by approximately HK$77.7 million or by 176.5%, from approximately HK$44.0 million as at 31 March 2017 to approximately HK$121.7 million as at 31 March 2018, which was primarily driven by (i) an increase in trade and other receivables of approximately HK$43.2 million; (ii) an increase in amounts due from customers for contract work of approximately HK$41.3 million; (iii) a decrease in amounts due from shareholders of approximately HK$18.4 million; and (iv) an increase in bank balances and cash of approximately

HK$62.6 million; partially offset by (i) an increase in trade and other payables of approximately HK$41.1 million; and (ii) an increase in amount due to customers for contract work of approximately HK$9.1 million.

Our net current assets increased by approximately HK$35.5 million or by 29.2%, from approximately HK$121.7 million as at 31 March 2018 to approximately HK$157.2 million as at 31 March 2019, which was primarily driven by (i) an increase in trade and other receivables of approximately HK$9.4 million; (ii) an increase in contract assets of approximately HK$87.2 million; (iii) an increase in bank balances and cash of approximately HK$22.8 million; (iv) a decrease in amount due to customers for contract work of approximately HK$36.0 million; and (v) a decrease in trade payables and other payables of approximately HK$3.1 million and partially offset by (i) an increase in contract liabilities of approximately HK$45.1 million; and (ii) a decrease in amounts due from customers for contract work of approximately HK$73.6 million.

Our net current assets increased by approximately HK$3.8 million or by 2.4%, from approximately HK$157.2 million as at 31 March 2019 to approximately HK$161.0 million as at 31 July 2019, which was primarily driven by (i) an increase in contract assets of approximately HK$53.2 million; (ii) a decrease in contract liabilities of approximately HK$23.5 million; and (iii) a decrease in bank borrowing of approximately HK$3.2 million; and partially offset by (i) a decrease in bank balances and cash of approximately HK$51.7 million; (ii) a decrease in trade and other receivables of approximately HK$8.8 million; and (iii) an increase in trade and other payables of approximately HK$12.4 million.

Our net current assets increased by approximately HK$16.8 million or by 10.4%, from approximately HK$161.0 million as at 31 July 2019 to approximately HK$177.9 million as at 31 October 2019, which was primarily driven by (i) an increase in trade and other receivables of approximately HK$12.5 million; (ii) a decrease in contract assets of approximately HK$9.2 million; (iii) an increase in bank balances and cash of approximately HK$5.3 million; and (iv) a decrease of trade and other payables of approximately HK$6.9 million; and (v) a decrease in contract liabilities of approximately HK$3.0 million.

Analysis of Selected Consolidated Statements of Financial Position Items

Trade and other receivables

The table below sets out a breakdown of our trade and other receivables as at the respective financial position dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Trade receivables	36,738	52,676	82,935	69,602
Less: Allowance for credit losses	—	—	(1,712)	(1,293)
	36,738	52,676	81,223	68,309
Retention receivables	4,553	20,444	—	—
Prepayments to subcontractors	5,375	16,652	17,545	21,782
Other receivables and prepayment	546	615	1,009	853
Total	47,212	90,387	99,777	90,944

Trade receivables

Trade receivables mainly represents progress billings of work performed by us, for which payment certificates have been received from our customers before the end of financial period and pending payment.

Our trade receivables increased by approximately HK$15.9 million from approximately HK$36.7 million as at 31 March 2017 to approximately HK$52.7 million as at 31 March 2018, which was mainly due to progress billings of project A2 and A4. Our gross amount of trade receivables increased by approximately HK$30.3 million from approximately HK$52.7 million as at 31 March 2018 to approximately HK$82.9 million as at 31 March 2019, which was mainly due to progress billings of project A6 and A9. Our gross amount of trade receivables decreased by approximately HK$13.3 million from approximately HK$82.9 million as at 31 March 2019 to approximately HK$69.6 million as at 31 July 2019, which was mainly due to settlement of progress billings of project A6 and A9.

Upon the adoption of HKFRS 9 since 1 April 2018, the Group began to recognise a loss allowance for ECL on financial assets, including trade receivables, other receivables, contract assets and bank balances, which are subject to impairment under HKFRS 9. For trade receivables, our Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. As at 31 March 2019, allowance for credit losses in respect of our trade receivables amounted to approximately HK$1.7 million, of which none was related to credit impaired trade receivables. Such allowance for credit loss was mainly attributable to (i) adjustment upon initial application of HKFRS 9 at 1 April 2018 of approximately HK$0.9 million; (ii) impairment loss recognised for the year ended 31 March 2019 of approximately HK$1.0 million; and (iii) reversal of impairment loss for the year ended 31 March 2019 of approximately HK$0.2 million. Allowance for credit losses in respect of our trade receivables decreased from approximately HK$1.7 million as at 31 March 2019 to approximately HK$1.3 million as at 31 July 2019, of which none was related to credit impaired trade receivables. Such decrease was mainly attributable to (i) impairment loss recognised for the four months ended 31 July 2019 of approximately HK$1.0 million; and (ii) reversal of impairment loss for the four months ended 31 July 2019 of approximately HK$1.4 million. For details of the impairment assessment of the Group's assets for the year ended 31 March 2019 and type of ECL model used, please refer to note 37 of the Accountants' Report as set out in Appendix I to this listing document.

We generally offer a credit period of 30 days to our customers. The extension of credit period to customers may be granted on a discretionary basis by considering the credit worthiness, the customers' financial condition and payment history with our Group. The following table sets forth the aging analysis of our trade receivables based on the date of payment certificate issued by customers as at the dates indicated:

	As at 31 March			As at 31 July
	2017	**2018**	**2019**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
1 to 30 days	29,471	21,295	33,268	50,901
31 to 60 days	5,514	23,798	48,883	14,566
61 to 90 days	267	—	—	—
Over 90 days	1,486	7,583	784	4,135
	36,738	52,676	82,935	69,602
Less: Allowance for credit losses	—	—	(1,712)	(1,293)
	36,738	52,676	81,223	68,309

The following table sets forth the aging analysis of trade receivables that were past due as at the dates indicated:

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000
Overdue				
1 to 30 days	5,514	23,798	48,883	14,566
31 to 60 days	267	—	—	—
61 to 90 days	—	—	670	857
Over 90 days	1,486	7,583	114	3,278
	7,267	31,381	49,667	18,701

Trade receivables that were past due relate to a number of independent customers that have a good track record with our Group. As at 31 March 2017 and 2018, our trade receivables of approximately HK$7.3 million and HK$31.4 million respectively were past due but not impaired. The increase in trade receivables that were past due as at 31 March 2018 was mainly due to the delayed payments from project A2 and A6. Our Directors are of the view that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. As at 31 March 2019, our trade receivables of approximately HK$49.7 million was past due. The increase in trade receivables that were past due as at 31 March 2019 was mainly due to the delayed payments from project A6 and A9. As at 31 July 2019, our trade receivables of approximately HK$18.7 million was past due. The decrease in trade receivables that were past due as at 31 July 2019 as compared to 31 March 2019 was mainly due to the settlement of trade receivables of project A6 and A9. Out of the past due balance, approximately HK$3.3 million had been past due 90 days or more and is not considered as in default since the Group considers good cooperation relationships with these debtors exist based on, among others, the historical payments of these debtors. Our Group does not hold any collateral over these balances.

The table below sets out our average trade receivables turnover days for the relevant years/ periods indicated:

	For the year ended 31 March			For the four months ended 31 July
	2017	2018	2019	2019
Average trade receivables turnover days *(Note 1)*	24.4	31.0	27.8	29.9
Average trade receivables turnover days (including contract assets and amounts due from customers for contract work) *(Note 2)*	48.6	67.6	61.2	75.3

Notes:

1. Average trade receivables turnover days is calculated as the average of the beginning and ending trade receivables balances (net of allowance for credit losses) for the year/period, divided by the revenue for that year/period, multiplied by the number of days in the relevant year/period.

2. For illustration purpose only, average trade receivables turnover days (including contract assets and amounts due from customers for contract work) is calculated as the sum of (i) the average of the beginning and ending trade receivables balances (net of allowance for credit losses) for the year/period; (ii) the average of the beginning and ending contract assets balances; and (iii) the average of the beginning and ending amounts due from customers for contract work balances, divided by the revenue for that year/period, multiplied by the number of days in the relevant year/period.

Our trade receivables turnover days were approximately 24.4 days, 31.0 days, 27.8 days and 29.9 days for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively and were roughly in line with the credit period we generally offer to our customers.

Our average trade receivables turnover days (including contract assets and amounts due from customers for contract work) were approximately 48.6 days, 67.6 days, 61.2 days and 75.3 days for the years ended 31 March 2017, 2018, 2019 and for the four months ended 31 July 2019 respectively.

The increase in average trade receivables turnover days (including contract assets and amounts due from customers for contract work) from 48.6 days for the year ended 31 March 2017 to 67.6 days for the year ended 31 March 2018 was mainly attributable to (i) the increase in trade receivables of approximately HK$15.9 million resulting from the progress billings of project A2 and A4; and (ii) the increase in amounts due from customers for contract work of approximately HK$41.3 million resulting from the difference between the amount of work performed by our Group and the value of work certified by the respective customers in relation to project A3, A7 and A8, partially offset by the increase in revenue of approximately HK$96.6 million.

The decrease in average trade receivables turnover days (including contract assets and amounts due from customers for contract work) from 67.6 days for the year ended 31 March 2018 to 61.2 days for the year ended 31 March 2019 was mainly attributable to the increase in revenue of approximately HK$351.6 million, partially offset by (i) the increase in trade receivables (net of allowance for credit losses) of approximately HK$28.5 million resulting from the progress billings of project A6 and A9; and (ii) the net effect of the increase in contract assets of approximately HK$87.2 million and the decrease in amounts due from customers for contract work of approximately HK$73.6 million resulting from the adoption of HKFRS 15 since 1 April 2018.

The increase in average trade receivables turnover days (including contract assets and amounts due from customers for contract work) from 61.2 days for the year ended 31 March 2019 to 75.3 days for the four months ended 31 July 2019 was mainly attributable to the increase in contract assets of approximately HK$53.2 million resulting from the increase in unbilled revenue for project A3, A5, A6 and A7, partially offset by the decrease in trade receivables (net of allowance for credit losses) of approximately HK$12.9 million resulting from the settlement of progress billings of project A6 and A9.

As at 31 October 2019, approximately HK$66.3 million, or 95.3%, of the gross amount of trade receivables as at 31 July 2019 was subsequently settled.

Retention receivables

Retention receivables represent the retention money required by our customers to secure our Group's due performance of the contracts. Typically, the amount of retention money depends on negotiation between the parties, which is in general not more than 10% of the value of works certified in each progress payment. The terms and conditions in relation to the release of retention money also vary from contract to contract, which may subject to, practical completion, the expiry of the defects liability period or a pre-agreed time period. Retention money are normally released upon the end of the defect liability period.

The following table sets forth the aging analysis of retention receivables which are to be settled, based on the completion date of respective project at the end of each financial period:

	As at 31 March			**As at 31 July**
	2017	**2018**	**2019**(note)	**2019**(note)
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Within one year	2,646	19,054	6,285	6,758
After one year	1,907	1,390	—	—
	4,553	20,444	6,285	6,758

Note: Upon application of HKFRS 15 on 1 April 2018, retention receivables were reclassified to contract assets. As such, the above information in respect of the retention receivables as at 31 March 2019 and 31 July 2019 were presented for illustrative purpose only. For details, please refer to the paragraph headed "Amounts due from/(to) customers for contract work, contract assets and contract liabilities" in this section.

Retention receivables increased from approximately HK$4.6 million as at 31 March 2017 to approximately HK$20.4 million as at 31 March 2018. The increase was mainly due to (i) the increase of retention receivables of approximately HK$10.0 million for project A5; and (ii) the increase of retention receivables of approximately HK$3.0 million for project A1. Retention receivables decreased from approximately HK$20.4 million as at 31 March 2018 to approximately HK$6.3 million as at 31 March 2019. Such decrease was mainly due to (i) the net-off of retention receivables with component of contract liabilities in respect of the same project upon the adoption of HKFRS 15 on 1 April 2018; and (ii) and the decrease of retention receivables for project A2 and A5. Retention receivables increased from approximately HK$6.3 million as at 31 March 2019 to approximately HK$6.8 million as at 31 July 2019. Such increase was mainly due to the increase of retention receivables for project A2 and A6. We expect all outstanding retention money to be released within the expiry of the defect liability period or the time period pre-agreed between our Group and our customers according to the respective contracts and work done.

As at 31 October 2019, approximately HK$4.5 million, or 66.2%, of our retention receivables as at 31 July 2019 were subsequently settled.

Prepayments to subcontractors

We made prepayments to some of our subcontractors for contract works. The balance of prepayments to subcontractors increased by approximately HK$11.3 million from approximately HK$5.4 million as at 31 March 2017 to approximately HK$16.7 million as at 31 March 2018. Such increase was mainly due to increase of prepayments to subcontractor for project A4. Prepayments to subcontractors slightly increased by approximately HK$0.9 million to HK$17.5 million as at 31 March 2019 mainly due to (i) the increase of prepayments to subcontractor for project A4 and a project with contract sum of approximately HK$0.3 million; and partially offset by the decrease of prepayments to subcontractor for project A8. Prepayments to subcontractors increased by approximately HK$4.2 million from approximately HK$17.5 million as at 31 March 2019 to approximately HK$21.8 million as at 31 July 2019. Such increase was due to increase of prepayments to subcontractor for project A4.

Other receivables and prepayment

The balance of other receivables and prepayment amounted to approximately HK$0.5 million, HK$0.6 million, HK$1.0 million and HK$0.9 million as at 31 March 2017, 2018, and 2019 and 31 July 2019 respectively.

Amounts due from/(to) customers for contract work, contract assets and contract liabilities

Our Group normally submits payment applications to our customers on a monthly basis in accordance with the value of work which may include variation works, if any.

Most materials are ordered by us and delivered by our suppliers to the work sites directly from time to time to meet the estimated demand according to specific work schedules. Under normal circumstances, due to the limited space available for inventory storage on-site, we generally do not keep excess inventory. Our Directors are of the view that the amounts of materials remained at the construction sites at the end of each financial period were insignificant to our Group. As such, the costs of materials and consumables are treated as trade payables upon receipts of materials and consumables and the same amounts will be recognised as contract cost incurred simultaneously. However, contract costs incurred in relation to future activities are recognised as an asset at the end of each financial period.

The level of amounts due from/(to) customers for contract work, contract assets and contract liabilities as at a given reporting date is mainly affected by the duration between our submission of progress payment applications and receipt of progress certificates from our customers. The billing and payment certification for variation orders would normally take longer as they are usually subject to a process of negotiation. Accordingly, such balances vary from period to period.

(i) ***Prior to 1 April 2018***

The following table sets forth a breakdown of our amounts due from/to customers for contract work as at the dates indicated:

	As at 31 March	
	2017	**2018**
	HK$'000	**HK$'000**
Contracts in progress at the end of the reporting periods:		
Contract costs incurred plus recognised profits less recognised losses	888,028	1,361,206
Less: Progress billing	(882,604)	(1,323,575)
	5,424	37,631
Amounts due from customers for contract work	32,290	73,602
Amounts due to customers for contract work	(26,866)	(35,971)
Total	5,424	37,631

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as liabilities as advances received from customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and other receivables.

As at 31 March 2017 and 2018, our amounts due from customers for contract work were approximately HK$32.3 million and HK$73.6 million, respectively. As at 31 March 2018, the increase in the amounts due from customers for contract work as compared to 31 March 2017 was mainly due to the difference between the amount of work performed by our Group and the value of work certified by the respective customers in relation to project A3, A7 and A8.

As at 31 March 2017 and 2018, our amounts due to customers for contract work were approximately HK$26.9 million and HK$36.0 million, respectively. The increase was mainly driven by increase in amounts due to customers for contract work of project A6.

(ii) ***Since 1 April 2018***

Upon the adoption of HKFRS 15 since 1 April 2018, amounts due from customers for contract work were reclassified as contract assets as, while amounts due to customers for contract work were reclassified as contract liabilities. Contract assets represent the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. Contract asset is assessed for impairment in accordance with HKFRS 9. Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

The following table sets forth a breakdown of our contract assets and contract liabilities as at 1 April 2018, 31 March 2019 and 31 July 2019:

	As at 1 April 2018	As at 31 March 2019	As at 31 July 2019
	HK$'000	HK$'000	HK$'000
Contract assets			
Retention receivables of construction contracts	15,935	6,285	6,758
Unbilled revenue of construction contracts	69,809	82,219	135,846
Less: Impairment losses	(1,422)	(1,308)	(2,167)
Total	84,322	87,196	140,437
Contract liabilities			
Advances from customers of construction contracts	56,308	45,107	21,643

As at 1 April 2018 and 31 March 2019, our contract assets amounted to approximately HK$84.3 million to HK$87.2 million. Such increase was mainly due to the net effect of (i) the increase in unbilled revenue of construction contracts for project A1, A2, A5, A7 and partially offset by decrease in unbilled revenue of construction contract for project A3; and (ii) the decrease in retention receivables attributable to project A2 and A5 as the projects are close to completion and customers settled the retention amounts. Our contract assets increased by approximately HK$53.2 million from approximately HK$87.2 million as at 31 March 2019 to approximately HK$140.4 million as at 31 July 2019. Such increase was mainly due to the net effect of (i) the increase in unbilled revenue of construction contracts for project A3, A5, A6 and A7; and (ii) the increase in retention receivables attributable to project A2 and A6.

As at 31 October 2019, approximately HK$92.9 million, or 66.2%, of the contract assets as at 31 July 2019 was subsequently settled.

Our contract liabilities mainly represent advances received from customers in respect of our construction contracts. As at 1 April 2018 and 31 March 2019, our contract liabilities amounted to approximately HK$56.3 million and HK$45.1 million. Such decrease was mainly due to decrease in advances from customers of construction contracts for project A2, R3 and R7, and partially offset by increase in advance received from customers of construction contract for project A4. Our contract liabilities decreased by approximately HK$23.5 million from approximately HK$45.1 million as at 31 March 2019 to approximately HK$21.6 million as at 31 July 2019. Such decrease was mainly due to decrease in advances from customers of construction contracts for project A4 and A6.

Amounts due from shareholders

Details of the amounts due from shareholders are summarised in note 24 of the Accountants' Report set out in Appendix I to this listing document. The amounts due from shareholders were non-trade in nature, unsecured, interest-free and repayable on demand. During the Track Record Period, such balance represented accumulated cash advance to shareholders and was settled before Listing on GEM.

Trade and other payables

Our trade and other payables are primarily related to the purchase of materials, work performed by our subcontractors, retention payables, advances received from customers and accruals and other payables. Set out below is the composition of trade and other payables as at the date indicated:

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	14,986	30,598	51,799	60,659
Retention payables	6,596	4,471	6,807	7,630
Advances received from customers	4,494	28,639	— (Note)	— (Note)
Accrued listing expenses/share issue expenses	—	1,881	—	4,080
Accruals and other payables	2,942	4,562	8,456	7,095
Total	29,018	70,151	67,062	79,464

Note: Upon application of HKFRS 15, advances from customers were reclassified to contract liabilities.

Trade payables

Trade payables mainly represents amounts payable to our suppliers and subcontractors such as procurement of materials and subcontracting services. Our trade payables increased by approximately HK$15.6 million from approximately HK$15.0 million as at 31 March 2017 to approximately HK$30.6 million as at 31 March 2018, which was mainly due to the increase of subcontracting and materials costs payable for project A2, project A5 and project A8. Our trade payables further increased by approximately HK$21.2 million from approximately HK$30.6 million as at 31 March 2018 to approximately HK$51.8 million as at 31 March 2019, which was mainly attributable to the increase of subcontracting and materials costs payable for project A6, A8 and A9. Our trade payables increased by approximately HK$8.9 million from approximately HK$51.8 million as at 31 March 2019 to approximately HK$60.7 million as at 31 July 2019, which was mainly attributable to the increase of subcontracting and materials costs payable for project A5 and A8.

The following table sets forth the aging analysis of our trade payables as at the respective financial position dates indicated:

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000
1 to 30 days	8,575	20,030	31,872	34,374
31 to 60 days	1,737	4,333	6,207	10,612
61 to 90 days	389	2,139	4,962	5,001
Over 90 days	4,285	4,096	8,758	10,672
	14,986	30,598	51,799	60,659

As at 31 March 2017, 2018 and 2019 and 31 July 2019, the amounts due within 90 days accounted for approximately 71.4%, 86.6%, 83.1% and 82.4% of our trade payables, respectively. The remaining balances due over 90 days as at the abovementioned financial year end dates were approximately HK$4.3 million, HK$4.1 million, HK$8.8 million and HK$10.7 million, respectively. Included in the balance due over 90 days were amounts that will be released to subcontractors over a longer time horizon, generally upon expiry of the defect liability period. Such arrangement and amounts were mutually agreed between us and our subcontractors during or after the project period based on factors including but not limited to (i) quality of work delivered by our subcontractors; and (ii) quantity check to be certified by quantity surveyor. Such amounts were accounted for as trade payables instead of retention payables in our Group's consolidated statements of financial position because such amounts were not retention withheld by us as agreed with our subcontractors before the project period.

The table below sets out our average trade payables turnover days for the relevant years/periods indicated:

	For the year ended 31 March			For the four months ended 31 July
	2017	2018	2019	2019
Average trade payables turnover days *(Note)*	11.2	17.1	18.4	24.2

Note: Average trade payables turnover days is calculated as the average of the beginning and ending trade payable balances for the year/period, divided by the cost of services for that year/period, multiplied by the number of days in the relevant year/period.

Credit terms granted to us by our suppliers and subcontractors vary from contract to contract. Our suppliers generally grant us a credit period of 30 to 60 days upon issue of invoice. Our trade payables turnover days were approximately 11.2 days, 17.1 days, 18.4 days and 24.2 days for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019, respectively, and were less than the range of credit period usually granted to us.

As at 31 October 2019, approximately HK$47.4 million, or 78.1%, of the trade payables as at 31 July 2019 was subsequently settled.

Retention payables

Retention payables represent money withheld by us when making interim payment to some of our subcontractors. Such requirement is one of the terms of our standard contract with our subcontractors. The retention money is usually 5% of each interim payment paid to our subcontractors. 50% of the retention money is normally due upon completion of respective project and the remaining 50% is due upon the end of the defect liability period of individual contracts, ranging from 3 months to 1 year from the date of the completion of respective project.

Retention payables amounted to approximately HK$6.6 million, HK$4.5 million and HK$6.8 million as at 31 March 2017, 2018 and 2019 respectively. The decrease of retention payables as at 31 March 2018 was due to the decrease of retention payables for project R7. The increase of retention payables as at 31 March 2019 was due to the increase of retention payables for project A5 and A8. Our retention payable amounted to approximately HK$7.6 million as at 31 July 2019. Such increase of retention payables as at 31 July 2019 as compared to 31 March 2019 was due to increase of retention payables for project A6.

As at 31 October 2019, nil of our retention payables as at 31 July 2019 were subsequently settled.

Advances received from customers

This mainly represents advances from customers for purchases of materials for contract works. According to F&S Report, main contractors sometimes may pay advances to subcontractors to alleviate the financial burden of the subcontractors and facilitate smooth initiation of the project. During the Track Record Period, advances may be granted by our customers with interest rates ranging from 7.25% to 8.375% per annum.

The balance of advances from customers increased from approximately HK$4.5 million as at 31 March 2017 to approximately HK$28.6 million as at 31 March 2018 mainly due to the increase of advances received from customers for project A2 and A4. Upon the adoption of HKFRS 15 on 1 April 2018, advances received from customers were reclassified to contract liabilities. For details of our contract liabilities, please refer to paragraph headed "Amounts due from/(to) customers for contract work, contract assets and contract liabilities" in this section.

Accrued listing expenses/share issue expenses

The balance of accrued listing expenses/share issue expenses as at 31 March 2018 was attributable to Listing on GEM and were subsequently settled. The balance of accrued listing expenses/share issue expenses as at 31 July 2019 amounted to approximately HK$4.1 million which was attributable to listing expenses in connection with the Transfer of Listing.

Accruals and other payables

Our accruals and other payables mainly include accruals for staff salaries and allowances. The balance of accruals and other payables increased from approximately HK$2.9 million as at 31 March 2017 to approximately HK$4.6 million as at 31 March 2018 and further increased to approximately HK$8.5 million as at 31 March 2019. The increase of accruals and other payables as at 31 March 2018 and 31 March 2019 were mainly due to increase in staff salaries due to increase in number of staff. Our accruals and other payables decreased by approximately HK$1.4 million from approximately HK$8.5 million as at 31 March 2019 to approximately HK$7.1 million as at 31 July 2019. Such decrease was mainly due to the settlement of audit fee.

INDEBTEDNESS

Unsecured and guaranteed bank borrowings

	As at 31 March			As at 31 July	As at 31 October
	2017	2018	2019	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)
Carrying amounts of bank borrowings repayable within one year	—	—	6,028	2,825	1,422

As at 31 March 2019, 31 July 2019 and 31 October 2019, we had a bank borrowing of approximately HK$6.0 million, HK$2.8 million and HK$1.4 million respectively, which are unsecured variable rate borrowings and carries interest ranging from HIBOR+2% to HIBOR+3% per annum. The weighted average interest rate of the bank borrowings for the year ended 31 March 2019 and for the four months ended 31 July 2019 were approximately 4.70% and 4.46% respectively. As at the Latest Practicable Date, we had unutilised bank overdraft facility of HK$5.0 million, with interest rate of HIBOR+4.0% per annum. Such facility was secured by corporate guarantees from our Company.

During the Track Record Period, we had a bank overdraft facility secured by unlimited personal guarantees given by Mr. CK Tsang and Mr. MP Tsang, our executive Directors and Controlling Shareholders. The personal guarantees were released upon Listing on GEM and replaced by a corporate guarantee from our Company as mentioned above. In respect of and as a covenant of the banking facility, our Group undertook that (i) our Company shall maintain 100%

shareholding of Double Gain; (ii) our Company shall maintain our listing status; (iii) Mr. CK Tsang and Mr. MP Tsang shall together maintain not less than 50% shareholding in our Company; and (iv) either Mr. CK Tsang or Mr. MP Tsang shall be the chairman of the Board of our Company. As confirmed by our Directors, our Group had not defaulted or delayed any payment, or breached any of the material covenants of the banking facility during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 31 October 2019 up to the Latest Practicable Date. Our Directors confirmed that as at the Latest Practicable Date, we did not have any immediate plan for additional material external debt financing.

Obligations under finance leases

During the Track Record Period, we leased our motor vehicles under finance leases. The average lease terms are 4.0, 4.6 and 4.6 years as at 31 March 2017, 2018 and 2019, respectively. The following table sets out our obligations under finance leases payable as at the respective dates indicated:

	As at 31 March		
	2017	2018	2019
	HK$'000	HK$'000	HK$'000
Current liabilities	699	959	575
Non-current liabilities	1,213	1,263	646
	1,912	2,222	1,221
Total	1,912	2,222	1,221

As at 31 March 2017, 2018 and 2019, our total obligations under finance leases amounted to approximately HK$1.9 million, HK$2.2 million and HK$1.2 million, respectively. Please refer to note 29 to the Accountants' Report set out in Appendix I to this listing document for details of the present value of minimum lease payments in respect of our obligations under finance leases as at 31 March 2017, 2018 and 2019. The balance is secured by the Group's plant and equipment and unguaranteed.

As at 31 March 2017, 2018 and 2019, interest rates underlaying all obligations under finance leases are fixed at respective contract dates ranging from 1.75% to 4.2%, 1.75% to 2.5% and 1.75% to 1.8% per annum respectively.

Upon the adoption of HKFRS 16 on 1 April 2019, obligations under finance leases were reclassified to lease liabilities. For details of our lease liabilities, please refer to the paragraph headed "Lease liabilities" in this section of the listing document.

Save as aforesaid or otherwise disclosed herein, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, debentures, finance lease obligations or material contingent liabilities or guarantees outstanding as at 31 October 2019.

Secured and unguaranteed lease liabilities

The lease liabilities represent rentals payable by our Group for certain leased assets. Upon the adoption of HKFRS 16 as at 1 April 2019, our Group (i) recognised lease liabilities and right-of-use assets at the present value of lease payments that were unpaid at 1 April 2019 in respect of our leased premises; and (ii) reclassified obligations under finance leases in respect of our motor vehicles to lease liabilities. When recognising the lease liabilities for leases previously classified as operating leases, we have applied incremental borrowing rates at the date of initial application.

The following table sets forth a breakdown of our lease liabilities as at the dates indicated:

	As at 1 April 2019	As at 31 July 2019	As at 31 October 2019
	HK$'000	HK$'000	HK$'000 (unaudited)
Motor vehicles	1,221	1,018	864
Leased premises	582	490	419
	1,803	1,508	1,283

As at 1 April 2019, 31 July 2019 and 31 October 2019, our lease liabilities amounted to approximately HK$1.8 million, HK$1.5 million and HK$1.3 million respectively. All of the lease agreements did not contain any contingent rent nor purchase option for leasee. Please refer to note 30 to the Accountants' report set out in Appendix I to this listing documents for further details of our Group's lease liabilities.

Contingent liabilities

As at Latest Practicable Date, we did not have any contingent liabilities.

Capital commitments

The following table sets out our capital commitments as at the respective dates indicated:

	As at 31 March			As at 31 July
	2017	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided in the consolidated financial statements	—	778	—	—

As at Latest Practicable Date, we did not have any capital commitments.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not enter into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our Group had the following transactions with related parties:

	For the year ended 31 March			For the four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Purchases of materials from:					
Victor Link Trading Limited *(Note)*	196	14	127	64	69
Speed Well Building Material *(Note)*	1,226	—	—	—	—

Note: Our Group's related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. CK Tsang and Mr. MP Tsang are the common directors and ultimate controlling parties of Victor Link Trading Limited and were partners of Speed Well Building Material until April 2017 when Speed Well Building Material was dissolved and ceased to be our Group's related party.

During the Track Record Period, we purchased materials such as air-conditioning accessories from Victor Link Trading Limited ("**Victor Link**"). Victor Link is a limited liability company incorporated in Hong Kong. The principal activities of Victor Link is trading of air-conditioning accessories. Speed Well Building Material ("**Speed Well**") engaged in provision of construction material including steel, aluminium and natural granite. For details, please refer to the section headed "Continuing Connected Transaction" in this listing document. During the Track Record Period, we purchased materials such as natural granite from Speed Well. In April 2017, Speed Well Building Material was dissolved and ceased to be the Group's related party.

During the Track Record Period, Mr. CK Tsang and Mr. MP Tsang provided personal guarantees in favour of certain customers of our Group, which are the main contractors, with an aggregate awarded contract sum of approximately HK$1,041.6 million as at 31 March 2017. The personal guarantees serve as securities for the due performance and observance of our Group's obligations under the contracts and Mr. CK Tsang and Mr. MP Tsang agreed to indemnify the relevant customers for any loss or damage suffered as a result of our Group's default under the contracts. All personal guarantees were released before December 2017.

During the Track Record Period, Mr. MP Tsang, a Director of our Company, entered into a tenancy agreement with landlord in respect of a premises that was used by our Group as an office and storage of goods and the rental expenses incurred by our Group during the years ended 31 March 2017 and 2018 were HK$144,000 and HK$36,000, respectively. The tenancy agreement was terminated in June 2017.

With respect to the related parties transactions set out in note 38 of the Accountants' Report in Appendix I to this listing document, our Directors believe that such transactions were conducted on normal commercial terms and such terms were no less favourable to our Group than terms available to Independent Third Parties and were fair and reasonable and in the interests of our Shareholders as a whole.

CAPITAL EXPENDITURE

Our capital expenditure for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 amounted to approximately HK$1.7 million, HK$1.9 million, HK$1.6 million and HK$0.9 million, respectively, comprising mainly payments for purchase of property, plant and equipment.

Save for the planned capital expenditure as set out in the paragraph headed "Business — Implementation of business strategies and use of proceeds" in this listing document and the additions of property, plant and equipment such as office equipment and leasehold improvements for our business operations from time to time, currently, we do not have any material capital expenditures planned as at the Latest Practicable Date.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for each of the three years ended 31 March 2019 and the four months ended 31 July 2019 and should be read in conjunction with the Accountants' Report included as Appendix I to this listing document.

	Notes	For the year ended/as at 31 March			For the four months ended/as at 31 July
		2017	**2018**	**2019**	**2019**
PROFITABILITY RATIOS					
Gross profit margin (%)	*1*	7.4	8.0	7.1	7.3
Net profit margin *(%)*	*2*	5.5	1.8	4.4	1.5
Return on equity *(%)*	*3*	53.0	7.9	24.0	N/A(8)
Return on total assets *(%)*	*4*	22.2	4.1	13.6	N/A(8)
LIQUIDITY RATIOS					
Current ratio *(times)*	*5*	1.7	2.1	2.3	2.5
CAPITAL ADEQUACY RATIOS					
Gearing ratio *(%)*	*6*	4.3	1.8	4.5	2.6
Interest coverage *(times)*	*7*	369.3	142.8	168.1	82.5

Notes:

1. Gross profit margin is calculated by dividing the gross profit by revenue for the respective year/period and multiplied by 100%.

2. Net profit margin is calculated by dividing the profit and total comprehensive income by revenue for the respective year/period and multiplied by 100%.

3. Return on equity is calculated by dividing the profit and total comprehensive income for the respective year/period by total equity at the end of the respective year and multiplied by 100%.

4. Return on total assets is calculated by dividing the profit and total comprehensive income for the respective year/period by total assets at the end of the respective year/period and multiplied by 100%.

5. Current ratio is calculated by dividing the total current assets by the total current liabilities as at the end of the respective year/period.

6. Gearing ratio is calculated by dividing the total debt which represents obligations under finance leases, lease liabilities and bank borrowings by total equity as at the end of the respective year/period and multiplied by 100%.

7. Interest coverage is calculated by dividing the profit before finance costs and tax by finance costs for the respective year/period.

8. Such ratio is not applicable as the four-month net profit is not comparable to historical annual figures.

Profitability ratios

Gross profit margin

Our gross profit margin increased from approximately 7.4% for the year ended 31 March 2017 to approximately 8.0% for the year ended 31 March 2018. Such increase was mainly due to the increase in the percentage of revenue contributed by building construction services which has a higher gross profit margin as compared to that of RMAA services.

Our gross profit margin decreased from approximately 8.0% for the year ended 31 March 2018 to approximately 7.1% for the year ended 31 March 2019. Such decrease was mainly due to the decrease of gross profit margin of RMAA services and building construction services.

Our gross profit margin remained stable at approximately 7.1% for the four months ended 31 July 2018 and approximately 7.3% for the four months ended 31 July 2019.

Net profit margin

Our net profit margin decreased from approximately 5.5% for the year ended 31 March 2017 to approximately 1.8% for the year ended 31 March 2018. The decrease in net profit margin was mainly due to (i) the listing expenses incurred in connection with the Listing on GEM; and (ii) increased administrative expenses. Excluding listing expenses, the Group's net profit margin for the year ended 31 March 2018 would be approximately 4.8%.

Our net profit margin increased from approximately 1.8% for the year ended 31 March 2018 to approximately 4.4% for the year ended 31 March 2019, which is mainly due to the listing expenses incurred in connection with the Listing on GEM. Excluding such listing expenses, our net profit margin would decrease from approximately 4.8% for the year ended 31 March 2018 to approximately 4.4% for the year ended 31 March 2019, which was mainly due to lower gross profit margin for the year ended 31 March 2019.

Our net profit margin decreased from approximately 4.3% for the four months ended 31 July 2018 to approximately 1.5% for the four months ended 31 July 2019, which is mainly due to the listing expenses incurred in connection with the Transfer of Listing. Excluding such listing expenses, our net profit margin would increase from approximately 4.3% for the four months ended 31 July 2018 to approximately 4.9% for the four months ended 31 July 2019.

Return on equity

Our return on equity decreased from approximately 53.0% for the year ended 31 March 2017 to approximately 7.9% for the year ended 31 March 2018. Such decrease was mainly due to (i) decrease in net profit as a result of the listing expenses incurred in connection with the Listing on GEM for the year ended 31 March 2018; and (ii) increase in total equity due to issue of shares in connection with the Listing on GEM.

Our return on equity increased from approximately 7.9% for the year ended 31 March 2018 to approximately 24.0% for the year ended 31 March 2019. Such increase was mainly due to (i) increase in revenue; and (ii) no listing expenses incurred for the year ended 31 March 2019 as compared to the year ended 31 March 2018, which together increased our net profit for the year ended 31 March 2019.

Return on total assets

Our return on assets decreased from approximately 22.2% for the year ended 31 March 2017 to approximately 4.1% for the year ended 31 March 2018. Such decrease was mainly due to (i) decrease in net profit as a result of the listing expenses incurred in connection with the Listing on GEM for the year ended 31 March 2018; and (ii) increase in total assets due to proceeds from issue of shares in connection with the Listing on GEM.

Our return on assets increased from approximately 4.1% for the year ended 31 March 2018 to approximately 13.6% for the year ended 31 March 2019. Such increase was mainly due to (i) increase in revenue; and (ii) no listing expenses incurred for the year ended 31 March 2019 as compared to the year ended 31 March 2018.

Liquidity ratios

Current ratio

Our current ratio increased from approximately 1.7 times as at 31 March 2017 to approximately 2.1 times as at 31 March 2018. Such increase was primarily due to increase in current assets mainly attributable to (i) the increase in trade and other receivables of approximately HK$43.2 million; (ii) increase in amounts due from customers for contract work of approximately HK$41.3 million; and (iii) increase of bank balances and cash of approximately HK$62.6 million due to proceeds from issue of shares in connection with the Listing on GEM.

Our current ratio increased from approximately 2.1 times as at 31 March 2018 to approximately 2.3 times as at 31 March 2019. Such increase was primarily due to increase in current assets mainly attributable to (i) the increase in trade and other receivables of approximately HK$9.4 million; (ii) increase in contract assets of approximately HK$87.2 million; and (iii) increase of bank balances and cash of approximately HK$22.8 million due to cash flow generated from operation; and partially offset by the decrease of amount due from customer for contract work of approximately HK$73.6 million.

Our current ratio increased from approximately 2.3 times as at 31 March 2019 to approximately 2.5 times as at 31 July 2019. Such increase was primarily due to increase in current assets mainly attributable to (i) the increase in contract assets of approximately HK$53.2 million; and (ii) decrease in contract liabilities of approximately HK$23.5 million; and partially offset by the decrease of bank balances and cash of approximately HK$51.7 million.

Capital adequacy ratios

Gearing ratio

Our gearing ratio decreased from approximately 4.3% as at 31 March 2017 to approximately 1.8% as at 31 March 2018. Such decrease was primarily attributable to the increase in equity as a result of the Listing on GEM.

Our gearing ratio increased from approximately 1.8% as at 31 March 2018 to approximately 4.5% as at 31 March 2019. Such increase was primarily attributable to the net increase in new bank borrowings of HK$6.0 million as at 31 March 2019.

Our gearing ratio decreased from approximately 4.5% as at 31 March 2019 to approximately 2.6% as at 31 July 2019. Such decrease was primarily attributable to decrease in bank borrowings as at 31 July 2019.

Interest coverage

Our interest coverage decreased from approximately 369.3 times for the year ended 31 March 2017 to approximately 142.8 times for the year ended 31 March 2018. Such decrease was mainly due to the decrease in our net profit before interest and tax attributable to the listing expenses incurred in connection with the Listing on GEM for the year ended 31 March 2018.

Our interest coverage increased from approximately 142.8 times for the years ended 31 March 2018 to approximately 168.1 times for the year ended 31 March 2019. Such increase was mainly due to the increase in our net profit before interest and tax for the year ended 31 March 2019 as no listing expenses was incurred in the year ended 31 March 2019 and partially offset by the increase in finance costs for the year ended 31 March 2019 as compared to the year ended 31 March 2018.

Our interest coverage decreased from approximately 157.7 times for the four months ended 31 July 2018 to approximately 82.5 times for the four months ended 31 July 2019. Such decrease was mainly due to the decrease in our net profit before interest and tax attributable to the listing expenses incurred in connection with the Transfer of Listing for the four months ended 31 July 2019.

DIVIDENDS AND DIVIDEND POLICY

During the year ended 31 March 2017, Double Gain distributed dividends of approximately HK$8.0 million. In October 2017, Double Gain declared and paid a dividend of approximately HK$18.4 million in respect of the year ended 31 March 2017, which substantially reflect the profits and results of our Group for such financial year, to the then shareholders of our Group, Mr. CK Tsang and Mr. MP Tsang, only before Listing on GEM to set off against the amounts due from shareholders of our Group. Our Directors considered that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group would maintain net current assets and net assets positions after payment of the dividend. No dividend for the years ended 31 March 2018 and 2019 and for the four months ended 31 July 2019 was declared, proposed, or paid for ordinary shareholders of the Company.

The Company has adopted a dividend policy (the "**Dividend Policy**"). Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, *inter alia*, the Group's results of its operations, cash flows, financial conditions, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider that if there is material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate. Our Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

LISTING EXPENSES

The Group was listed on GEM of the Stock Exchange on 13 February 2018. We incurred listing expenses of approximately HK$15.6 million for Listing on GEM in the year ended 31 March 2018.

Our estimated listing expenses for the Transfer of Listing primarily consist of professional fees paid to the Sole Sponsor, legal advisers and the reporting accountants for their services rendered in relation to the Transfer of Listing. The total estimated listing expenses will be approximately HK$15.8 million, of which the whole sum is expected to be chargeable to the consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2020. Listing expenses of approximately HK$10.2 million was recognised during the four months ended 31 July 2019. The estimated listing expenses are subject to adjustments based on the actual amount incurred or to be incurred.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of listing document, there has been no material adverse change in our financial or trading position since 31 July 2019, the end of period reported in the Accountants' Report set out in Appendix I to this listing document, and there has been no event since 31 July 2019 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this listing document.

MARKET AND OTHER FINANCIAL RISKS

We are exposed to financial risks including credit risk and liquidity risk during the course of our business operations. Details of the risks to which we are exposed are set out in note 35 to the Accountants' Report included in Appendix I to this listing document.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please see the section headed "Unaudited pro forma financial information" in Appendix II to this listing document for details.

DISTRIBUTABLE RESERVES

Retained earnings of our Company may be available for distribution to ordinary shareholders provided that our Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Our Company's reserves available for distribution to the shareholders at 31 July 2019 amounted to approximately HK$103.8 million.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE MAIN BOARD LISTING RULES

Our Directors confirmed that as at the Latest Practicable Date, save as disclosed in this listing document, there were no circumstances which, had our Group been required to comply with Rules 13.13 to 13.19 of the Main Board Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Main Board Listing Rules.

The following is the text of a report set out on pages I-1 to I-65, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Listing Document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GAIN PLUS HOLDINGS LIMITED AND AMPLE CAPITAL LIMITED

Introduction

We report on the historical financial information of Gain Plus Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-65, which comprises the consolidated statements of financial position as at 31 March 2017, 2018, 2019 and 31 July 2019, the statements of financial position of the Company as at 31 March 2018, 2019 and 31 July 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 of the Group for each of the three years ended 31 March 2019 and the four months period ended 31 July 2019 (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 I-4 to I-65 forms an integral part of this report, which has been prepared for inclusion in the listing document of the Company dated 19 December 2019 (the "Listing Document") in connection with the proposed transfer of listing from GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the 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 gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 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 Group's financial position as at 31 March 2017, 2018, 2019 and 31 July 2019, the Company's financial position as at 31 March 2018, 2019 and 31 July 2019, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation as set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises 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 four months ended 31 July 2018 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The Directors are responsible for preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 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 purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements as defined on pages I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends declared and paid by a subsidiary of the Company in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 December 2019

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on consolidated financial statements of the Group for the Track Record Period. The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollar ("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

	Notes	Year ended 31 March			Four months ended 31 July	
		2017	2018	2019	2018	2019
		HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Revenue	*6*	430,524	527,114	878,762	221,902	305,376
Cost of services		(398,509)	(485,183)	(816,413)	(206,134)	(283,186)
Gross profit		32,015	41,931	62,349	15,768	22,190
Other income and gains and losses	*8*	1,869	560	815	218	230
Impairment losses, net of reversal of impairment on trade receivables and contract assets	*9*	—	—	(972)	(276)	(800)
Administrative expenses		(5,816)	(12,023)	(15,966)	(4,043)	(3,689)
Listing expenses		—	(15,618)	—	—	(10,179)
Finance costs	*10*	(76)	(104)	(275)	(74)	(94)
Profit before taxation		27,992	14,746	45,951	11,593	7,658
Income tax expense	*11*	(4,366)	(5,068)	(7,683)	(1,943)	(2,960)
Profit and total comprehensive income for the year/period attributable to owners of the Company	*12*	23,626	9,678	38,268	9,650	4,698
Earnings per share						
Basic (HK cents)	*15*	11.29	3.33	10.29	2.59	1.26

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 March			At 31 July
		2017	2018	2019	2019
	Notes	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets					
Plant and equipment	*16*	1,725	2,379	2,632	2,314
Right-of-use assets	*17*	—	—	—	1,161
Deposits for acquisition of plant and equipment		166	547	87	181
Deferred tax assets	*31*	—	—	275	248
		1,891	2,926	2,994	3,904
Current assets					
Trade and other receivables	*21*	47,212	90,387	99,777	90,944
Contract assets	*22*	—	—	87,196	140,437
Amounts due from customers for contract work	*23*	32,290	73,602	—	—
Amounts due from shareholders	*24*	18,419	—	—	—
Bank balances and cash	*25*	6,412	69,017	91,853	40,188
		104,333	233,006	278,826	271,569
Current liabilities					
Trade and other payables	*26*	29,018	70,151	67,062	79,464
Amounts due to customers for contract work	*23*	26,866	35,971	—	—
Tax payable		3,732	4,214	2,842	5,775
Bank borrowings	*27*	—	—	6,028	2,825
Contract liabilities	*28*	—	—	45,107	21,643
Obligations under finance leases	*29*	699	959	575	—
Lease liabilities	*30*	—	—	—	830
		60,315	111,295	121,614	110,537
Net current assets		44,018	121,711	157,212	161,032
Total assets less current liabilities		45,909	124,637	160,206	164,936
Non-current liabilities					
Obligations under finance leases	*29*	1,213	1,263	646	—
Lease liabilities	*30*	—	—	—	678
Deferred tax liabilities	*31*	89	149	—	—
		1,302	1,412	646	678
Net assets		44,607	123,225	159,560	164,258
Capital and reserves					
Share capital	*32*	10	3,720	3,720	3,720
Reserves		44,597	119,505	155,840	160,538
Total equity		44,607	123,225	159,560	164,258

STATEMENTS OF FINANCIAL POSITION

		As at 31 March		As at 31 July
		2018	2019	2019
	Notes	HK$'000	HK$'000	HK$'000
Non-current assets				
Investment in a subsidiary	*18*	68,893	68,893	68,893
Current assets				
Other receivables and prepayment	*21*	75	95	115
Amounts due from subsidiaries	*20*	1,355	12,589	11,619
Bank balances and cash	*25*	51,833	37,291	31,416
		53,263	49,975	43,150
Current liabilities				
Other payables	*26*	2,098	522	4,558
Net assets		120,058	118,346	107,485
Capital and reserves				
Share capital	*32*	3,720	3,720	3,720
Reserves	*19*	116,338	114,626	103,765
Total equity		120,058	118,346	107,485

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Other reserve	Retained earnings	Total
	HK$'000	HK$'000	HK$'000 (note a)	HK$'000 (note b)	HK$'000	HK$'000
At 1 April 2016	10	—	—	(3,337)	32,271	28,944
Profit and total comprehensive income for the year	—	—	—	—	23,626	23,626
Dividends paid *(Note 13)*	—	—	—	—	(7,963)	(7,963)
At 31 March 2017	10	—	—	(3,337)	47,934	44,607
Profit and total comprehensive income for the year	—	—	—	—	9,678	9,678
Issue of shares by Double Gain Engineering Limited ("Double Gain")	20,000	—	—	—	—	20,000
Issue of shares by Nation Max Holdings Limited ("Nation Max") to acquire controlling interest of Double Gain as part of the group reorganisation	(20,010)	68,893	(48,883)	—	—	—
Capitalisation issue *(Note 32(c))*	2,790	(2,790)	—	—	—	—
Issue of new shares upon listing	930	73,470	—	—	—	74,400
Share issuance costs	—	(7,041)	—	—	—	(7,041)
Dividends paid *(Note 13)*	—	—	—	—	(18,419)	(18,419)
At 31 March 2018	3,720	132,532	(48,883)	(3,337)	39,193	123,225
Adjustments *(see Note 3)*	—	—	—	—	(1,933)	(1,933)
At 1 April 2018 (restated)	3,720	132,532	(48,883)	(3,337)	37,260	121,292
Profit and total comprehensive income for the year	—	—	—	—	38,268	38,268
At 31 March 2019	3,720	132,532	(48,883)	(3,337)	75,528	159,560
Profit and total comprehensive income for the period	—	—	—	—	4,698	4,698
At 31 July 2019	3,720	132,532	(48,883)	(3,337)	80,226	164,258
For the four months ended 31 July 2018 (unaudited)						
At 31 March 2018	3,720	132,532	(48,883)	(3,337)	39,193	123,225
Adjustments *(see Note 3)*	—	—	—	—	(1,933)	(1,933)
At 1 April 2018 (restated)	3,720	132,532	(48,883)	(3,337)	37,260	121,292
Profit and total comprehensive income for the period	—	—	—	—	9,650	9,650
At 31 July 2018	3,720	132,532	(48,883)	(3,337)	46,910	130,942

Notes:

(a) The capital reserve represents the difference between the nominal value of share capital of Nation Max and Double Gain upon insertion of Nation Max between Double Gain and its then shareholders as part of the Reorganisation (as defined in Note 2).

(b) Other reserve represents the differences between the principal amount of amounts due from Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping, both being the shareholders of the Company, and present value of estimated future cash flows discounted at the original effective interest rate, and the differences are recognised directly in equity as deemed distributions.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Operating activities					
Profit before taxation	27,992	14,746	45,951	11,593	7,658
Adjustments for:					
Depreciation of right-of-use assets	—	—	—	—	358
Depreciation of plant and equipment	987	1,166	1,349	410	252
Interest income	—	—	(460)	(131)	(126)
Impairment losses, net of reversal on trade receivables and contract assets	—	—	972	276	800
Imputed interest income on amounts due from shareholders	(1,438)	—	—	—	—
Interest expense	76	104	275	74	94
(Gain) loss on disposal of plant and equipment	(63)	(250)	2	—	(70)
Operating cash flows before movements in working capital	27,554	15,766	48,089	12,222	8,966
(Increase) decrease in trade and other receivables	(20,512)	(43,175)	(31,813)	(4,497)	8,892
(Increase) decrease in amounts due from customers for contract work	(7,538)	(41,312)	—	—	—
(Increase) in contract assets	—	—	(2,760)	(23,790)	(54,100)
Increase in trade and other payables	11,097	41,033	25,650	7,081	12,402
Increase in amounts due to customers for contract work	9,636	9,105	—	—	—
(Decrease) in contract liabilities	—	—	(11,201)	(6,033)	(23,464)
Cash generated from (used in) operations	20,237	(18,583)	27,965	(15,017)	(47,304)
Income tax paid	(5,256)	(4,526)	(9,097)	(3,511)	—
Net cash from (used in) operating activities	14,981	(23,109)	18,868	(18,528)	(47,304)
Investing activities					
Repayment from shareholders	274	—	—	—	—
Advances to shareholders	(2,609)	—	—	—	—
Purchases of plant and equipment	(430)	(491)	(1,144)	(998)	(871)
Deposits paid for acquisition of plant and equipment	(40)	(381)	—	—	(94)
Proceeds from disposal of plant and equipment	70	305	—	—	70
Interest received	—	—	460	131	126
Net cash used in investing activities	(2,735)	(567)	(684)	(867)	(769)
Financing activities					
New bank borrowings raised	—	—	14,586	8,999	—
Repayment of bank borrowings	—	—	(8,558)	(1,644)	(3,203)
Proceeds from issue of shares	—	74,400	—	—	—
Share issuance costs	—	(6,941)	(100)	—	—
Proceeds from issue of shares by a subsidiary	—	20,000	—	—	—
Dividend paid	(7,963)	—	—	—	—
Repayment of obligations under finance leases	(771)	(1,074)	(1,001)	(327)	—
Repayment of lease liabilities	—	—	—	—	(295)
Interest paid for lease liabilities	—	—	—	—	(23)
Interest paid	(76)	(104)	(275)	(74)	(71)
Net cash (used in) from financing activities	(8,810)	86,281	4,652	6,954	(3,592)
Net increase (decrease) in cash and cash equivalents	3,436	62,605	22,836	(12,441)	(51,665)
Cash and cash equivalents at the beginning of the year/period	2,976	6,412	69,017	69,017	91,853
Cash and cash equivalents at the end of the year/period	6,412	69,017	91,853	56,576	40,188

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Gain Plus Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 4 July 2017 and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 February 2018. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the Listing Document.

The Company acts as an investment holding company and its subsidiaries are principally engaged in the provision of building construction services and repair, maintenance, addition and alteration services ("RMAA Services").

The Historical Financial Information is presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

In preparation for listing of the Company's shares on GEM of the Stock Exchange (the "Listing"), the entities in the Group underwent a group reorganisation (the "Reorganisation") which involves interspersing the Company, Nation Max and other investment holding companies between Double Gain and the then shareholders.

Prior to the Reorganisation, the Group's operating subsidiary, Double Gain, was held as to 50% by Mr. Tsang Chiu Kwan and 50% by Mr. Tsang Man Ping. Both Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping have always been acting in concert in respect of the operations of the Group and therefore they are regarded as the Group's ultimate controlling shareholders (the "Controlling Shareholders").

The principle steps of the Reorganisation are as follows:

(i) On 29 March 2017, a subscription agreement was entered into between Giant Winchain Limited ("Giant Winchain"), Wealth-In International Development Limited ("Wealth-In"), both are independent third parties, (collectively the "Pre-IPO Investors"), Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping and Double Gain, pursuant to which each of Giant Winchain and Wealth-In subscribed and Double Gain allotted and issued 3,333 shares, of which 3,000 shares and 333 shares to Giant Winchain and Wealth-In respectively, which are all credited as fully paid at the total consideration of HK$18,000,000 and HK$2,000,000 respectively. The said 3,333 shares were properly and legally allotted and issued on 1 April 2017. After the said allotment, Double Gain was owned as to 25% by the Pre-IPO Investors and 75% by the Controlling Shareholders.

(ii) On 24 April 2017, Great Star Investment Group Limited ("Great Star") was incorporated in the British Virgin Islands ("BVI") with limited liability, upon which it was authorised to issue a maximum of 50,000 shares with a par value of US$1.00 each, of which 1,000 shares were allotted and issued as fully paid to Mr. Tsang Man Ping at par. Great Star was set up as a vehicle of Mr. Tsang Man Ping to hold his interest in the Company.

(iii) On 25 April 2017, Universe King International Investment Limited ("Universe King") was incorporated in the BVI with limited liability, upon which it was authorised to issue a maximum of 50,000 shares with a par value of US$1.00 each, of which 1,000 shares were allotted and issued as fully paid to Mr. Tsang Chiu Kwan at par. Universal King was set up as a vehicle of Mr. Tsang Chiu Kwan to hold his interest in the Company.

(iv) On 16 May 2017, Nation Max was incorporated in the BVI with limited liability and it was authorised to issue a maximum of 50,000 shares with a par value of US$1.00 each, of which 2,250 shares, 250 shares, 3,750 shares and 3,750 shares respectively were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par.

(v) On 4 July 2017, the Company was incorporated in the Cayman Islands with limited liability having an authorised share capital of HK$390,000 divided into 39,000,000 shares of HK$0.01 each, of which one share was allotted and issued as fully paid to an initial subscriber (who is an independent third party) at par. On the same date, the subscriber share was transferred to Giant Winchain at par and additional 2,249 shares, 250 shares, 3,750 shares and 3,750 shares respectively were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par.

(vi) On 21 July 2017, Giant Winchain, Wealth-In, Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping and Nation Max entered into a share swap agreement, pursuant to which each of them respectively transferred 3,000 shares, 333 shares, 5,000 shares and 5,000 shares of Double Gain (representing the entire issued share capital in Double Gain held by each of them) to Nation Max. In consideration of the transfer, Nation Max allotted and issued 225 shares and 25 shares to Giant Winchain, Wealth-In respectively, and at the instruction of Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping, allotted and issued 375 shares and 375 shares to Universe King and Great Star respectively. As a result, Double Gain became a wholly-owned subsidiary of Nation Max.

(vii) On 23 January 2018, Giant Winchain, Wealth-In, Great Star and Universe King and the Company entered into a share swap agreement, pursuant to which each of them respectively transferred 2,475 shares, 275 shares, 4,125 shares and 4,125 shares of Nation Max (representing the entire issued share capital in Nation Max held by each of them) to the Company. In consideration of the transfer, the Company allotted and issued 225 shares, 25 shares, 375 shares and 375 shares to Giant Winchain, Wealth-In, Great Star and Universe King respectively. As a result, Nation Max became a wholly-owned subsidiary of the Company. After the said allotment, the Company was owned as to 25% by the Pre-IPO Investors and 75% by the Controlling Shareholders.

Upon the completion of the above steps, the Company became the holding company of the companies now comprising the Group on 23 January 2018. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2017 and 2018 have been prepared as if the group structure upon completion of the Reorganisation had been in existence throughout the Track Record Period, or since their dates of incorporation, where there is a shorter period.

The consolidated statement of financial position of the Group as at 31 March 2017 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure upon completion of the Reorganisation had been in existence at that date taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied all the HKFRSs, Hong Kong Accounting Standards ("HKASs") and amendments issued by HKICPA which are effective for the accounting periods beginning on 1 April 2019 consistently throughout the Track Record Period, except that (1) the Group adopted HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 9 "Financial Instruments" on 1 April 2018, and applied HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and HKAS 39 "Financial Instruments: Recognition and Measurement" during the two years ended 31 March 2018 and (2) the Group adopted HKFRS 16 "Leases" during the four months ended 31 July 2019, and applied HKAS 17 "Leases" during the three years ended 31 March 2019.

The effect of the adoption of HKFRS 15, HKFRS 9 and HKFRS 16 are as follow:

3.1 HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time for the year ended 31 March 2019. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, i.e. 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply HKFRS 15 retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain information for the year ended 31 March 2019 may not be comparable to information for the years ended 31 March 2017 and 2018 as such information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Contract revenue from provision of building construction services
- Contract revenue from provision of RMAA Services

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Notes 6 and 4 respectively.

3.1.1 ***Summary of effects arising from initial application of HKFRS 15***

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

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

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

Notes:

(a) In relation to construction contracts previously accounted for under HKAS 11, the Group estimates the performance obligations satisfied up to date of initial application of HKFRS 15. Amounts due from customers for contract work of HK$73,602,000 were reclassified to contract assets, while amounts due to customers for contract work of HK$35,971,000 were reclassified to contract liabilities.

(b) At the date of initial application, retention receivables of HK$20,444,000 arising from the construction contracts are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, and such balance was reclassified from trade and other receivables to contract assets.

(c) The reclassification of HK$28,639,000 from trade and other payables to contract liabilities under HKFRS 15 represented the Group's obligations to transfer to the customers of the services to which the assets relate and the Group has received consideration from the customers.

(d) Contract assets and contract liabilities related to the same contract are accounted for and presented on a net basis.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position at 31 March 2019 and consolidated statement of cash flows for the year ended 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position at 31 March 2019

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Current assets			
Amounts due from customers for contract work	—	81,079	81,079
Trade and other receivables	99,777	6,117	105,894
Contract assets	87,196	(87,196)	—
Current liabilities			
Trade and other payables	67,062	45,107	112,169
Contract liabilities	45,107	(45,107)	—

Impact on consolidated statement of cash flows for the year ended 31 March 2019

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Operating activities			
Increase in amounts due from customers for contract work	—	(17,087)	(17,087)
Increase in trade and other receivables	(31,813)	14,327	(17,486)
Increase in contract assets	(2,760)	2,760	—
Decrease in amounts due to customers for contract work	—	(35,971)	(35,971)
Increase in trade and other payables	25,650	24,770	50,420
Decrease in contract liabilities	(11,201)	11,201	—

The explanations of the above changes affected in the year ended 31 March 2019 by the application of HKFRS 15 as compared to HKAS 11, HKAS 18 and the related interpretations are similar to the explanations set out in notes (a) to (d) above for describing the adjustments made to the consolidated statement of financial position at 1 April 2018 upon adoption of HKFRS 15.

3.2 HKFRS 9 "Financial Instruments"and the related amendments

The Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs for the first time for the year ended 31 March 2019. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) expected credit losses ("ECL") for financial assets and other items (for example, contract assets); and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1 April 2018. The difference between the carrying amounts at 31 March 2018 and the carrying amounts at 1 April 2018 are recognised in the opening retained earnings, without restating comparative information. Accordingly, certain information for the year ended 31 March 2019 may not be comparable to information for the years ended 31 March 2017 and 2018 as such information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 are disclosed in note 4.

3.2.1 *Summary of effects arising from initial application of HKFRS 9*

The table below illustrates the classification and measurement of financial assets and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018. Line items that were not affected by the changes have not been included.

	Note	Trade and other receivables	Contract assets	Deferred tax assets	Retained earnings
		HK$'000	HK$'000	HK$'000	HK$'000
Closing balance at 31 March 2018 — HKAS 39		73,584	—	—	39,193
Effect arising from initial application of HKFRS 15		(20,444)	85,744	—	—
Effect arising from initial application of HKFRS 9:					
Remeasurement					
Impairment under ECL model	*(a)*	(893)	(1,422)	382	(1,933)
Opening balance at 1 April 2018		52,247	84,322	382	37,260

Note:

(a) Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Trade receivables and contract assets have been assessed individually. The contract assets relate to unbilled revenue and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

ECL for other financial assets at amortised cost, including bank balances and other receivables, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of HK$2,315,000 has been recognised against retained earnings. The additional loss allowance is charged against the respective assets.

All loss allowances, including contract assets and trade receivables, as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Contract assets	Trade and other receivables
	HK$'000	HK$'000
At 31 March 2018 — HKAS 39	—	—
Effect arising from initial application of HKFRS 9:		
Amounts remeasured through opening retained earnings	1,422	893
At 1 April 2018	1,422	893

3.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards as at 1 April 2018

As a result of the changes in the Group's accounting policies above, the consolidated statement of financial position at 1 April 2018 had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 March 2018	HKFRS 15	HKFRS 9	1 April 2018
	HK$'000 (Audited)	HK$'000	HK$'000	HK$'000 (Restated)
Non-current asset				
Deferred tax assets	—	—	382	382
Current assets				
Amounts due from customers for contract work	73,602	(73,602)	—	—
Trade and other receivables	90,387	(20,444)	(893)	69,050
Contract assets	—	85,744	(1,422)	84,322
Current liabilities				
Amounts due to customers for contract work	35,971	(35,971)	—	—
Trade and other payables	70,151	(28,639)	—	41,512
Contract liabilities	—	56,308	—	56,308
Reserves				
Retained earnings	39,193	—	(1,933)	37,260

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2018 as disclosed above.

3.4 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time on 1 April 2019. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Accounting policies resulting from the application of HKFRS 16 are disclosed in note 4.

3.4.1 *Transition and summary of effects arising from initial application of HKFRS 16*

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts to exclude initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.13% per annum.

	Note	At 1 April 2019 HK$'000
Operating lease commitments disclosed as at 31 March 2019		619
Lease liabilities discounted at relevant incremental borrowing rates		(37)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		582
Add: obligations under finance leases recognised at 31 March 2019	*(a)*	1,221
Lease liabilities as at 1 April 2019		1,803
Analysed as		
Current		874
Non-current		929
		1,803

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Note	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		582
Amounts included in property, plant and equipment under HKAS 17		
— Assets previously under finance leases	*(a)*	937
		1,519
By class:		
Land and buildings		582
Motor vehicles		937
		1,519

(a) In relation to the assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under leases as at 1 April 2019 amounting to HK$937,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK$575,000 and HK$646,000 to lease liabilities as current and non-current liabilities respectively as at 1 April 2019.

There was no impact of transition to HKFRS 16 on the retained earnings as at 1 April 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	HK$'000	HK$'000
Non-current Assets			
Property, plant and equipment	2,632	(937)	1,695
Right-of-use assets	—	1,519	1,519
Current Liabilities			
Lease liabilities	—	874	874
Obligations under finance leases	575	(575)	—
Non-current liabilities			
Lease liabilities	—	929	929
Obligations under finance leases	646	(646)	—

Note: For the purpose of reporting cash flows for the four months ended 31 July 2019, movements have been computed based on opening statement of financial position as at 1 April 2019 as disclosed above.

New and amendments to HKFRSs in issue but not yet effective

At the date of this report, HKICPA has issued the following new and amendments to HKFRSs that are not yet effective. The Group has not early adopted these new and amendments to HKFRSs.

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17/HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the entities controlled by the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary included in the Company's statements of financial position stated at cost less any identified impairment loss.

Revenue recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from construction contracts including provision of building construction services, repair, maintenance and addition and alteration services is recognised on the percentage of completion method. The Group policy for recognition of revenue from construction is described in accounting policy for construction contracts below.

Handling income is recognised when services are provided.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured by reference to the certified value of work carried to date as a percentage of total contract value. Variations in contract work are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received from customers. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and other receivables.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 3)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

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

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

Handling income is recognised at a point in time when services are provided.

Variable consideration

For contracts that contain variable consideration (variation order of construction work), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases (before application of HKFRS 16 on 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasing (upon application of HKFRS 16 in accordance with transitions in note 3)

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Retirement benefit costs

Payments to defined contribution retirement benefits schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each 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 Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Plant and equipment

Plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Before application of HKFRS 16 on 1 April 2019, assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (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) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from shareholders and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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 (see below). 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 asset from the next reporting period. If the credit risk on the credit impaired financial instrument 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 from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application of HKFRS 9 in accordance with transitions in note 3)

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

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

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

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of tangible assets are estimated individually, or when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts

For the years ended 31 March 2017 and 2018

Revenue from construction contract is recognised under the percentage of completion method which requires estimation made by the management of the Group. Anticipated losses are fully provided on contracts when identified. The management of the Group estimates the contract costs and foreseeable losses of construction based on the budgets prepared for the contracts. Because of the nature of the activities undertaken in construction businesses, the management of the Group reviews and revises the estimates of contract costs in the budget prepared for each contract as the contract progresses. Where the contract revenue is less than expected or actual contract costs are more than expected, the gross profit may need to be adjusted downward or additional losses may need to be recognised. As at 31 March 2017 and 2018, the carrying amounts of amounts due from customers for contract work and amounts due to customers for contract work are HK$32,290,000 and HK$26,866,000, HK$73,602,000 and HK$35,971,000, respectively.

For the year ended 31 March 2019 and the four months ended 31 July 2019

The management measures the value of completed construction work based on output method, which is to recognise revenue on the basis of direct measurement of the value of construction work transferred to the customer to date relative to the remaining construction works promised to be completed under the construction contract. Management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works. The management's estimate of revenue and the completion status of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The Group has the qualified surveyors to periodically measure the value of the construction work completed for each construction project and issue the internal construction progress reports. The construction works performed by the Group would also be certified by the independent quantity surveyors periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract revenue prepared for each construction contract as the contract progresses based on the internal construction progress reports and the certification issued by the independent quantity surveyors. As at 31 March 2019 and 31 July 2019, the carrying amounts of contract assets and contract liabilities are HK$87,196,000 and HK$45,107,000, HK$140,437,000 and HK$21,643,000, respectively.

Estimated impairment of trade and retention receivables/contract assets

For the years ended 31 March 2017 and 2018

The management assesses the impairment for trade and retention receivables by understanding the customers' credit worthiness, their financial position and past payment history and examining the subsequent settlement from these individual customers.

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade and retention receivables as at 31 March 2017 and 2018 is HK$36,738,000 and HK$4,553,000, HK$52,676,000 and HK$20,444,000, respectively.

For the year ended 31 March 2019 and the four months ended 31 July 2019

Trade receivables and contract assets are assessed for ECL individually after considering internal credit ratings, past due status and repayment history of respective trade receivables and contract assets. Estimated loss rates are based on probability of default and loss give default with reference to external credit reports and are adjusted for forward-looking information that is reasonable and supportable available without undue cost or effort.

The provision of ECL is sensitive to changes in estimates. The information about the ECL, the Group's trade receivables and contract assets are disclosed in notes 37, 21 and 22 respectively.

6. REVENUE

For the years ended 31 March 2017 and 2018

	Year ended 31 March	
	2017	2018
	HK$'000	HK$'000
Contract revenue from provision of building construction services	50,953	95,679
Contract revenue from provision of RMAA Services	379,571	431,435
	430,524	527,114

For the year ended 31 March 2019 and the four months ended 31 July 2018 and 2019

(i) ***Disaggregation of revenue from contracts with customers***

	Year ended 31 March	Four months ended 31 July	
	2019	2018	2019
	HK$'000	HK$'000 (unaudited)	HK$'000
Types of services			
Provision of building construction services	230,465	35,714	93,935
Provision of RMAA Services	648,297	186,188	211,441
	878,762	221,902	305,376
Timing of revenue recognition			
Overtime	878,762	221,902	305,376

(ii) ***Performance obligations for contracts with customers***

Construction services

The Group provides construction services, including building construction services and RMAA Services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion of the contract using output method.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones or the value of construction work has been agreed with the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the Group issued invoice to the customers based on the value of work certified by the independent quantity surveyors.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 3 months to 2 years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

(iii) *Transaction price allocated to the remaining performance obligation for contracts with customers*

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of building construction services and RMAA Services as at 31 March 2019 and 31 July 2019 amounting to HK$276,035,000 and HK$1,081,090,000, HK$186,909,000 and HK$868,519,000 respectively. Management expects that all the remaining performance obligations will be recognised as revenue over 1 to 3 years from 31 March 2019 and 31 July 2019.

7. SEGMENT INFORMATION

The Group focuses primarily on the provision of building construction services and RMAA Services in Hong Kong. The operation of the Group constitutes one single operating and reportable segment. The management of the Group, being the chief operating decision maker of the Group, reviews the revenue and operating results of the Group as a whole which is prepared based on the same accounting policies as set out in note 4 above to make decisions about resource allocation and performance assessment and accordingly no separate segment information is prepared other than entity-wide disclosure.

The Group's revenue from external customers was derived solely from its operations in Hong Kong during the Track Record Period, and the non-current assets of the Group were all located in Hong Kong as at 31 March 2017, 2018 and 2019, 31 July 2018 and 31 July 2019.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000 (unaudited)**	**HK$'000**
Customer A	81,339	215,967	373,229	75,638	151,846
Customer B	236,267	173,234	287,840	54,409	74,858
Customer C	N/A#	N/A#	100,611	24,030	32,228
Customer D	49,872	66,541	91,288	44,494	35,183

\# Revenue from the customers is less than 10% of the total revenue of the Group.

8. OTHER INCOME AND GAINS AND LOSSES

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000 (unaudited)**	**HK$'000**
Bank interest income	—	2	460	131	126
Gain (loss) on disposal of plant and equipment	63	250	(2)	—	70
Handling income	262	307	357	87	34
Imputed interest income on amounts due from shareholders	1,438	—	—	—	—
Others	106	1	—	—	—
	1,869	560	815	218	230

9. IMPAIRMENT LOSSES, NET OF REVERSAL

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Impairment losses recognised (reversed) on:					
— Trade receivables	—	—	1,086	(189)	(59)
— Contract assets	—	—	(114)	465	859
	—	—	972	276	800

Details of impairment assessment are set out in note 37.

10. FINANCE COSTS

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Interest on finance leases	76	104	58	24	—
Interest on bank borrowings	—	—	217	50	71
Interest on lease liabilities	—	—	—	—	23
	76	104	275	74	94

11. INCOME TAX EXPENSE

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
The income tax expense comprises:					
Hong Kong Profits Tax:					
Current tax	4,308	5,019	7,725	1,859	2,933
Overprovision in prior year	—	(11)	—	—	—
	4,308	5,008	7,725	1,859	2,933
Deferred tax *(note 31)*	58	60	(42)	84	27
	4,366	5,068	7,683	1,943	2,960

For the years ended 31 March 2017 and 2018, Hong Kong Profits Tax was calculated at a single flat rate of 16.5% of the estimated assessable profits.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from 1 April 2018, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

The income tax expense for the year/period can be reconciled to the profit before taxation in the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000 (unaudited)**	**HK$'000**
Profit before taxation	27,992	14,746	45,951	11,593	7,658
Tax at Hong Kong Profits Tax rate of 16.5%	4,619	2,433	7,582	1,913	1,264
Tax effect of expenses not deductible for tax purpose	2	2,674	362	148	1,745
Tax effect of deductible temporary differences not recognised	(10)	—	—	—	—
Tax effect of income not taxable for tax purpose	(238)	—	(76)	(43)	(21)
Income tax at concessionary rate	—	—	(165)	(55)	(55)
Overprovision in prior year	—	(11)	—	—	—
Others	(7)	(28)	(20)	(20)	27
Income tax expense for the year/period	4,366	5,068	7,683	1,943	2,960

12. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 March			Four months ended 31 July	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000 (unaudited)**	**HK$'000**
Profit for the year/period is arrived at after changing:					
Staff costs					
Gross staff costs (including directors' emoluments below)	26,866	41,071	60,122	13,842	24,006
Auditor's remuneration	200	830	1,050	—	—
Depreciation of right-of-use assets	—	—	—	—	358
Depreciation of plant and equipment	987	1,166	1,349	410	252
Directors' emoluments *(see note 14)*	1,420	3,470	6,061	1,145	1,046
Minimum lease payments in respect of office and warehouse	144	320	297	100	—

13. DIVIDENDS

Before completion of group reorganisation, Double Gain distributed dividends in the aggregate amount of HK$7,963,000 and HK$18,419,000 respectively in each of the years ended 31 March 2017 and 2018.

No dividend for the years ended 31 March 2018 and 2019 and the four months ended 31 July 2019 was declared, proposed, or paid for ordinary shares of the Company during the years ended 31 March 2018 and 2019 and the four months ended 31 July 2019 and since the end of the reporting period.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments and chief executive's emoluments

Details of the emoluments paid or payable by the Group to the directors of the Company (including emoluments for their services as employees or directors of the group entities prior to becoming the directors of the Company) during the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance were as follow:

	Year ended 31 March 2017			
Name of directors	**Fees**	**Salaries and other allowance**	**Retirement benefit scheme contributions**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Executive directors:				
Mr. Tsang Chiu Kwan	—	700	10	710
Mr. Tsang Man Ping	—	700	10	710
	—	1,400	20	1,420

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Group.

	Year ended 31 March 2018				
Name of director	**Fees**	**Salaries and other allowances**	**Discretionary bonus**	**Retirement benefit scheme contributions**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Executive directors:					
Mr. Tsang Chiu Kwan	—	840	670	22	1,532
Mr. Tsang Man Ping	—	840	500	22	1,362
Mr. Lee Alexander Patrick	—	250	225	8	483
Subtotal	—	1,930	1,395	52	3,377

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	Year ended 31 March 2018				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Independent non-executive directors:					
Mr. So Chun Man	31	—	—	—	31
Mr. Chen Yeung Tak	31	—	—	—	31
Ms. Li Amanda Ching Man	31	—	—	—	31
Subtotal	93	—	—	—	93
	93	1,930	1,395	52	3,470

The independent directors' emoluments shown above were for their services as directors of the Company.

Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	Year ended 31 March 2019				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Mr. Tsang Chiu Kwan	—	1,210	1,200	18	2,428
Mr. Tsang Man Ping	—	1,077	1,200	18	2,295
Mr. Lee Alexander Patrick	—	600	—	18	618
Subtotal	—	2,887	2,400	54	5,341

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	Year ended 31 March 2019				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Independent non-executive directors:					
Mr. So Chun Man	240	—	—	—	240
Mr. Chen Yeung Tak	240	—	—	—	240
Ms. Li Amanda Ching Man	240	—	—	—	240
Subtotal	720	—	—	—	720
	720	2,887	2,400	54	6,061

The independent directors' emoluments shown above were for their services as directors of the Company.

	Four months ended 31 July 2018 (unaudited)				
Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Mr. Tsang Chiu Kwan	—	344	—	6	350
Mr. Tsang Man Ping	—	343	—	6	349
Mr. Lee Alexander Patrick	—	200	—	6	206
Subtotal	—	887	—	18	905

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

	Four months ended 31 July 2018 (unaudited)				
Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Independent non-executive directors:					
Mr. So Chun Man	80	—	—	—	80
Mr. Chen Yeung Tak	80	—	—	—	80
Ms. Li Amanda Ching Man	80	—	—	—	80
Subtotal	240	—	—	—	240
	240	887	—	18	1,145

The independent directors' emoluments shown above were for their services as directors of the Company.

	Four months ended 31 July 2019				
Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:					
Mr. Tsang Chiu Kwan	—	294	—	6	300
Mr. Tsang Man Ping	—	294	—	6	300
Mr. Lee Alexander Patrick	—	200	—	6	206
Subtotal	—	788	—	18	806

The executive directors' emoluments shown above were for their services in connection with management of the affairs of the Company and the Group.

	Four months ended 31 July 2019				
Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement benefit scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Independent non-executive directors:					
Mr. So Chun Man	80	—	—	—	80
Mr. Chen Yeung Tak	80	—	—	—	80
Ms. Li Amanda Ching Man	80	—	—	—	80
Subtotal	240	—	—	—	240
	240	788	—	18	1,046

The independent directors' emoluments shown above were for their services as directors of the Company.

Mr. Tsang Chiu Kwan, Mr. Tsang Man Ping and Mr. Lee Alexander Patrick were appointed as executive directors of the Company on 27 July 2017. Mr. Tsang Man Ping was also the chief executive officer of the Company.

Mr. So Chun Man, Mr. Chen Yeung Tak and Ms. Li Amanda Ching Man were appointed as independent non-executive directors of the Company on 23 January 2018.

The bonus was discretionary as determined with reference to performance and market trends.

There was no arrangement under which a director or the chief executive waived or agreed to waive any emoluments during the Track Record Period.

(b) Employees' emoluments

The five highest paid individuals of the Group during the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 31 July 2019 include two, two, three, three (unaudited) and two directors, respectively, details of whose emoluments are set out in Note 14(a) above. Details of the remaining three, three, two, two (unaudited) and three highest paid individuals for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2018 and 2019, respectively, are as follows:

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Salaries and other allowance	1,224	1,391	1,284	432	735
Discretionary bonus	225	1,081	399	—	—
Retirement benefit scheme contributions	34	49	36	12	15
	1,483	2,521	1,719	444	750

The emoluments of the highest paid employees who are not directors of the Company were within the following bands:

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	No. of individuals	No. of individuals	No. of individuals	No. of individuals (unaudited)	No. of individuals
Nil to HK$1,000,000	3	2	2	2	3
HK$1,000,001 to HK$1,500,000	—	1	—	—	—

During the Track Record Period, no emoluments were paid by the Group to any of the directors or chief executive or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share	23,626	9,678	38,268	9,650	4,698
	2017	2018	2019	2018	2019
	'000	'000	'000	'000	'000
Number of shares					
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note)*	209,250	290,975	372,000	372,000	372,000

Note: The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the capitalisation issue (details as set out in note 32) had been effective on 1 April 2017.

Diluted earnings per share are not presented as there were no potential ordinary shares in issue during the Track Record Period.

16. PLANT AND EQUIPMENT

	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST					
At 1 April 2016	—	—	141	4,095	4,236
Additions	—	—	430	1,233	1,663
Disposals	—	—	—	(730)	(730)
At 31 March 2017	—	—	571	4,598	5,169
Additions	185	—	126	1,564	1,875
Disposals	—	—	(67)	(502)	(569)
At 31 March 2018	185	—	630	5,660	6,475
Additions	—	1,112	—	492	1,604
Disposals	—	—	(37)	—	(37)
At 31 March 2019	185	1,112	593	6,152	8,042
Adoption of HKFRS 16	—	—	—	(2,609)	(2,609)
At 1 April 2019 (restated)	185	1,112	593	3,543	5,433
Additions	—	—	19	852	871
Disposals	—	—	—	(224)	(224)
At 31 July 2019	185	1,112	612	4,171	6,080
DEPRECIATION					
At 1 April 2016	—	—	54	3,126	3,180
Provided for the year	—	—	104	883	987
Eliminated on disposals	—	—	—	(723)	(723)
At 31 March 2017	—	—	158	3,286	3,444
Provided for the year	87	—	116	963	1,166
Eliminated on disposals	—	—	(40)	(474)	(514)
At 31 March 2018	87	—	234	3,775	4,096
Provided for the year	92	204	119	934	1,349
Eliminated on disposals	—	—	(35)	—	(35)
At 31 March 2019	179	204	318	4,709	5,410
Adoption of HKFRS 16	—	—	—	(1,672)	(1,672)
At 1 April 2019 (restated)	179	204	318	3,037	3,738
Provided for the period	5	74	41	132	252
Eliminated on disposals	—	—	—	(224)	(224)
At 31 July 2019	184	278	359	2,945	3,766
CARRYING VALUES					
At 31 March 2017	—	—	413	1,312	1,725
At 31 March 2018	98	—	396	1,885	2,379
At 31 March 2019	6	908	275	1,443	2,632
At 31 July 2019	1	834	253	1,226	2,314

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	50% or the term of the lease, whichever is shorter
Plant and machinery	20%
Furniture, fixtures and equipment	20%
Motor vehicles	30%

Motor vehicles with carrying amounts of HK$1,272,000, HK$1,720,000 and HK$937,000 as at 31 March 2017, 2018 and 2019, respectively are under finance leases arrangement (note 29).

17. RIGHT-OF-USE ASSETS

	Motor vehicles	Land and buildings	Total
	HK$'000	HK$'000	HK$'000
COST			
At 1 April 2019 and 31 July 2019	2,609	582	3,191
DEPRECIATION			
As at 1 April 2019	(1,672)	—	(1,672)
Provided for the period	(261)	(97)	(358)
As at 31 July 2019	(1,933)	(97)	(2,030)
CARRYING VALUES			
As at 1 April 2019	937	582	1,519
As at 31 July 2019	676	485	1,161

The right-of-use assets are depreciated over shorter of the lease term and their estimated useful lives, using straight-line method, as follows:

Land and buildings	Over the lease term
Motor vehicles	30% per annum

As at 31 July 2019, the Group's right-of-use assets amounted to HK$1,161,000 were located in Hong Kong.

18. INVESTMENT IN A SUBSIDIARY

The Company

	At 31 March		At 31 July
	2018	2019	2019
	HK$'000	HK$'000	HK$'000
Unlisted investment at cost	68,893	68,893	68,893

The subsidiary has adopted 31 March as its financial year end date. It had no debt security during the Track Record Period. Particular of the subsidiary is disclosed in note 39.

19. RESERVES OF THE COMPANY

Movement of the reserves of the Company is as follows:

	Share premium	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 4 April 2017 (date of incorporation)	—	—	—
Arising from group reorganisation	68,893	—	68,893
Capitalisation issue	(2,790)	—	(2,790)
Issue of new shares upon listing	73,470	—	73,470
Share issuance costs	(7,041)	—	(7,041)
Loss and total comprehensive expenses for the year	—	(16,194)	(16,194)
At 31 March 2018	132,532	(16,194)	116,338
Loss and total comprehensive expenses for the year	—	(1,712)	(1,712)
At 31 March 2019	132,532	(17,906)	114,626
Loss and total comprehensive expenses for the period	—	(10,861)	(10,861)
At 31 July 2019	132,532	(28,767)	103,765

20. AMOUNTS DUE FROM SUBSIDIARIES

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand.

21. TRADE AND OTHER RECEIVABLES

	The Group				The Company		
	At 31 March			At 31 July	At 31 March		At 31 July
	2017	2018	2019	2019	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables	36,738	52,676	82,935	69,602	—	—	—
Less: Allowance for credit losses	—	—	(1,712)	(1,293)	—	—	—
	36,738	52,676	81,223	68,309	—	—	—
Retention receivables	4,553	20,444	—	—	—	—	—
Prepayments to subcontractors	5,375	16,652	17,545	21,782	—	—	—
Other receivables and prepayment	546	615	1,009	853	75	95	115
Total trade and other receivables	47,212	90,387	99,777	90,944	75	95	115

As at 1 April 2018, trade receivables from contracts with customers amounted to HK$52,676,000.

As at 31 March 2017, retention receivable amounted to HK$4,553,000 of which HK$1,907,000 are due after one year. As at 31 March 2018, retention receivable amounted to HK$20,444,000 of which HK$1,390,000 are due after one year. Upon application of HKFRS 15, the retention receivables were reclassified to contract assets.

Trade receivables

Trade receivables represent amounts receivable for works certified after deduction of retention money.

The Group allows a credit period of 30 days to its customers. The extension of credit period to customers may be granted on a discretionary basis by considering the credit worthiness, the customers' financial condition and payment history with the Group. The following is an aged analysis of trade receivables presented based on dates of works certified at the end of each reporting period, net of allowance for credit losses.

	At 31 March			At July
	2017	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000
1–30 days	29,471	21,295	33,268	50,901
31–60 days	5,514	23,798	48,883	14,566
61–90 days	267	—	—	—
Over 90 days	1,486	7,583	784	4,135
	36,738	52,676	82,935	69,602
Less: Allowance for credit losses	—	—	(1,712)	(1,293)
	36,738	52,676	81,223	68,309

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the trade receivables from existing customers is reviewed by the Group regularly.

As at 31 March 2017 and 2018, included in the Group's trade receivable balances are receivables with aggregate carrying amount of HK$7,267,000 and HK$31,381,000, which is past due and for which the Group has not provided for impairment loss as these balances are either subsequently settled or there has not been a significant change in credit quality and the amounts were still considered recoverable. Accordingly, the directors of the Company believe that no impairment loss was required. The Group does not hold any collateral over these balances.

As at 31 March 2019 and 31 July 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$49,667,000 and HK$18,701,000 which are past due. Out of the past due balances, HK$114,000 and HK$3,278,000 has been past due 90 days or more and is not considered as in default since the Group assesses the historical payments of these counterparties and the forward-looking information or the Group considers good cooperation relationships with these debtors exist. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	At 31 March	
	2017	2018
	HK$'000	HK$'000
Overdue		
1–30 days	5,514	23,798
31–60 days	267	—
Over 90 days	1,486	7,583
	7,267	31,381

Retention receivables

Retention receivables represent the retention money withheld from the amounts receivable for work certified. The due date of retention receivables is ranging from 3 months to 2 years from the date of the completion of respective project. Retention receivables are unsecured, interest-free and recoverable at the end of the defective liability period of respective contract.

The following is an aged analysis of retention receivables which are to be settled, based on invoice date of respective project, at the end of each reporting period.

	At 31 March	
	2017	2018
	HK$'000	HK$'000
Within one year	2,646	19,054
After one year	1,907	1,390
	4,553	20,444

In determining the recoverability of trade and retention receivables, the Group considers any change in credit quality of the trade and retention receivables from the date credit was initially granted up to the end of each reporting period.

Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 and four months period ended 31 July 2019 are set out in note 37.

22. CONTRACT ASSETS

	At 1 April 2018*	At 31 March 2019	At 31 July 2019
	HK$'000	HK$'000	HK$'000
Analysed as current:			
Retention receivables of construction contracts *(note a)*	15,935	6,285	6,758
Unbilled revenue of construction contracts *(note b)*	69,809	82,219	135,846
Less: Impairment losses	(1,422)	(1,308)	(2,167)
	84,322	87,196	140,437

* The amounts in this column are after the adjustments from the application of HKFRS 9 and 15.

(a) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. The due dates for retention receivables are usually one year to two years after the completion of construction work.

(b) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Contract assets, that are expected to be settled within the Group's normal operating cycle, are classified as current based on expected settlement dates.

Details of the impairment assessment are set out in note 37.

23. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	At 31 March	
	2017	2018
	HK$'000	HK$'000
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits less recognised losses	888,028	1,361,206
Less: Progress billings	(882,604)	(1,323,575)
	5,424	37,631
Analysed for reporting purposes as:		
Amounts due from customers for contract work	32,290	73,602
Amounts due to customers for contract work	(26,866)	(35,971)
	5,424	37,631

As at 31 March 2017 and 2018, retention receivables held by customers for contract work amounting to HK$4,553,000 and HK$20,444,000, respectively, were set out in note 21. Advances received from customers at 31 March 2017 and 2018 are HK$4,494,000 and HK$28,639,000 respectively, were set out in trade and other payables in note 26.

24. AMOUNTS DUE FROM SHAREHOLDERS

	Principal amounts					Maximum amount outstanding during the year ended			
	At 1 April	At 31 March			At 31 July	31 March			31 July 2019
	2016	2017	2018	2019	2019	2017	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
— Mr. Tsang Chiu Kwan *(note)*	8,043	9,149	—	—	—	9,348	—	—	—
— Mr. Tsang Man Ping *(note)*	8,041	9,270	—	—	—	9,292	—	—	—
	16,084	18,419	—	—	—				
Carrying value analysed for reporting purposes:									
Current assets		18,419	—	—	—				

The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

Note: Amounts due from shareholders represented advances provided by the Group to Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping. The amounts were discounted using an effective interest rate of 10% per annum and the imputed interest income recognised in profit or loss for the year ended 31 March 2017 was HK$1,438,000. In the opinion of the directors of the Company, the amounts due from shareholders as at 31 March 2017 will be settled within twelve months, accordingly, the amount was classified as current assets. These advances were settled in October 2017 by offsetting with the dividends of the same amount distributed to Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping (note 41).

25. BANK BALANCES AND CASH

Bank balances and cash comprises cash on hand and bank balances. As at 31 March 2017, 2018 and 2019 and 31 July 2019, bank balances carry interest at prevailing market interest rates which were ranging from 0.01% to 0.03%, 0.01% to 0.03%, 0.03% to 0.11% and 0.11% to 0.14% per annum respectively.

26. TRADE AND OTHER PAYABLES

Trade and other payables at the end of each reporting period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period on trade purchase is 30 to 60 days.

	The Group				The Company		
	At 31 March			At 31 July	At 31 March		At 31 July
	2017	2018	2019	2019	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade payables	14,986	30,598	51,799	60,659	—	—	—
Retention payables	6,596	4,471	6,807	7,630	—	—	—
Advances received from customers	4,494	28,639	—	—	—	—	—
Accrued listing expenses/ share issue expenses	—	1,881	—	4,080	—	—	4,080
Accruals and other payables	2,942	4,562	8,456	7,095	2,098	522	478
Total trade and other payables	29,018	70,151	67,062	79,464	2,098	522	4,558

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

	At 31 March			At 31 July
	2017	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000
1–30 days	8,575	20,030	31,872	34,374
31–60 days	1,737	4,333	6,207	10,612
61–90 days	389	2,139	4,962	5,001
Over 90 days	4,285	4,096	8,758	10,672
	14,986	30,598	51,799	60,659

Retention payables represent the retention money withheld from the amounts payable for work performed by the subcontractors. 50% of the retention money is normally due upon completion of respective project and the remaining 50% portion is due upon the end of the defect liability period of individual contracts, ranging from 3 months to 1 year from the date of the completion of respective project. The amount is unsecured, interest-free and repayable at the end of the defective liability period of respective contract. As at 31 March 2017, 2018 and 2019 and 31 July 2019, all the retention payables were aged within one year.

27. BANK BORROWINGS

	At 31 March 2019	At 31 July 2019
	HK$'000	HK$'000
The carrying amounts of the bank borrowings are repayable		
Within one year	6,028	2,825

Bank borrowings are unsecured variable-rate borrowings which carry interest ranging from Hong Kong Interbank Offered Rate ("HIBOR") + 2% to HIBOR + 3% per annum as at 31 March 2019 and interest rate of HIBOR + 3% per annum as at 31 July 2019 respectively.

28. CONTRACT LIABILITIES

	At 1 April 2018*	At 31 March 2019	At 31 July 2019
	HK$'000	HK$'000	HK$'000
Advances from customers of construction contracts, current	56,308	45,107	21,643

* The amount is after the adjustment from the application of HKFRS 15.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified as current.

Revenue from construction contracts recognised during the year ended 31 March 2019 and during the period ended 31 July 2019 that was included in the contract liabilities at the beginning of the year was HK$56,308,000 and HK$45,107,000 respectively.

Typical payment term which impact on the amount of contract liabilities recognised are as follows:

Construction contracts

When the Group receives advances from customers before the construction commences, this will give rise to contract liabilities, until the revenue recognised on the relevant contract exceeds the amount of the advances from customers. Advances from customers of construction contracts are net-off with the invoiced revenue amounts, normally within one year and according to the schedules of construction contracts.

29. OBLIGATIONS UNDER FINANCE LEASES

	At 31 March		
	2017	2018	2019
	HK$'000	HK$'000	HK$'000
Analysed for reporting purposes as:			
Current liabilities	699	959	575
Non-current liabilities	1,213	1,263	646
	1,912	2,222	1,221

The Group leased its motor vehicles under finance leases. As at 31 March 2017, 2018 and 2019, the average lease term is 4, 4.6 and 4.6 years respectively, and interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1.75% to 4.2%, 1.75% to 2.5% and 1.75% to 1.8% per annum respectively.

	Minimum lease payments			Present value of minimum lease payments		
	At 31 March			At 31 March		
	2017	2018	2019	2017	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Obligations under finance leases payable						
Within one year	759	1,018	606	699	959	575
Within a period of more than one year but not more than two years	762	638	427	735	607	415
Within a period of more than two years but not more than five years	494	670	234	478	656	231
	2,015	2,326	1,267	1,912	2,222	1,221
Less: Future finance charges	(103)	(104)	(46)	N/A	N/A	N/A
Present value of lease obligations	1,912	2,222	1,221			
Less: Amount due for settlement with 12 months (shown under current liabilities)				(699)	(959)	(575)
Amount due for settlement after 12 months				1,213	1,263	646

30. LEASE LIABILITIES

	As at 31 July 2019
	HK$'000
Current	830
Non-current	678
	1,508

	As at 31 July 2019
	HK$'000
Lease liabilities due:	
Within one year	872
More than one year, but not exceeding two years	525
More than two years, but not exceeding five years	164
	1,561
Less: future finance charges	(53)
Present value of lease liabilities	1,508
Less: Amount due for settlement within 12 months (shown under current liabilities)	830
Amounts due for settlement after 12 months (shown under non-current liabilities)	678

	As at 31 July 2019
	HK$'000
Present value of lease liabilities:	
Within one year	830
More than one year, but not exceeding two years	514
More than two years, but not exceeding five years	164
	1,508

As at 31 July 2019, lease liabilities represent rentals payable by the Group for certain office premises and motor vehicles. Leases for office premises are negotiated and rentals are fixed for terms of two years. The incremental borrowing rate is 5.13% per annum. Also, the Group leased its motor vehicles, of which the obligation under finance lease was reclassified to lease liabilities upon the adoption of HKFRS 16, with the average lease term of 4.3 years and underlying interest rates fixed at respective contract dates ranging from 1.75% to 1.8% per annum. These lease liabilities were measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The lease agreements did not contain any contingent rent nor purchase option for leasee.

31. DEFERRED TAXATION

The followings are the deferred tax assets and liabilities recognised by the Group and movements thereon during each reporting period:

	Impairment on trade receivables and contract assets	Accelerated tax depreciation	Total
	HK$'000	HK$'000	HK$'000
As at 1 April 2016	—	(31)	(31)
Charged to profit or loss *(note 11)*	—	(58)	(58)
As at 31 March 2017	—	(89)	(89)
Charged to profit or loss *(note 11)*	—	(60)	(60)
As at 31 March 2018	—	(149)	(149)
Adjustments due to adopting new standards *(note 3)*	382	—	382
At 1 April 2018 (restated)	382	(149)	233
Credit (charged) to profit or loss *(note 11)*	116	(74)	42
As at 31 March 2019	498	(223)	275
Charged to profit or loss *(note 11)*	73	(100)	(27)
As at 31 July 2019	571	(323)	248

32. SHARE CAPITAL

The share capital as at 1 April 2016 and 31 March 2017 represented the share capital of Double Gain. The share capital at 31 March 2018 and 2019 and 31 July 2019 represented the issued and fully paid share capital of the Company.

Details of the changes in the Company's share capital during the period from 4 July 2017 (date of incorporation) to 31 July 2019 are as follows:

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 4 July 2017 (date of incorporation) *(note a)*	39,000,000	390
Increase in authorised share capital *(note b)*	741,000,000	7,410
At 31 March 2018 and 2019 and 31 July 2019	780,000,000	7,800
Issued and fully paid:		
At 4 July 2017 (date of incorporation) *(note a)*	1	—
Issue of shares *(note a)*	10,999	—
Issue of shares pursuant to the capitalisation issue *(note c)*	278,989,000	2,790
Issue of shares pursuant to the placing *(note d)*	65,100,000	651
Issue of shares pursuant to the public offer *(note d)*	27,900,000	279
At 31 March 2018 and 2019 and 31 July 2019	372,000,000	3,720

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

Notes:

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

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

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

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

33. RETIREMENT BENEFIT PLANS

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

The retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss for the year ended 31 March 2017, 2018 and 2019 and for the four months ended 31 July 2018 and 2019 is HK$1,066,000, HK$1,561,000 and HK$2,005,000 and HK$545,000 and HK$858,000 respectively, which represent contributions paid or payable to the funds by the Group at rates specified in the rules of the scheme.

34. OPERATING LEASES

	At 31 March		
	2017	2018	2019
	HK$'000	HK$'000	HK$'000
Minimum lease payables paid under operating leases during the year	144	320	297

The Group had future aggregate minimum lease payables under non-cancellable operating leases in respect of an office as follows:

	At 31 March		
	2017	2018	2019
	HK$'000	HK$'000	HK$'000
Within one year	—	293	305
After one year but within five years	—	7	314
	—	300	619

Operating lease payments represent rentals payable by the Group for certain office premises, workshops and warehouses. Leases are negotiated and rentals are fixed for terms of two years.

35. CAPITAL COMMITMENTS

	At 31 March			At 31 July
	2017	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of plant and equipment contracted for but not provided for	—	778	—	—

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of bank borrowings less cash and cash equivalents and equity comprising issued share capital and reserves.

The management of the Group reviews the capital structure on a continuous basis. As part of this review, the management of the Company considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as issue of new debts or redemption of existing debts.

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group				The Company		
	At 31 March			At 31 July	At 31 March		At 31 July
	2017	2018	2019	2019	2018	2019	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets							
Loans and receivables (including cash and cash equivalents)	66,122	142,601	—	—	53,188	—	—
Amortised cost	—	—	173,883	109,194	—	49,880	43,035
Financial liabilities							
Amortised cost	21,582	35,069	64,634	71,114	—	—	—

Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amounts due from shareholders, bank balances and cash, bank borrowings and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk management and impairment assessment

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

Group's credit risk assessment before adoption of HKFRS 9 at 1 April 2018

The Group reviews the recoverable amount of each individual trade receivable and other receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The policy of allowances for doubtful debts of the Group is based on the evaluation and estimation of collectability and ageing analysis of the outstanding debts. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flows expected to receive discounted using the original effective interest rate and the carrying value. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The management closely monitors the subsequent settlement of the counterparties. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Group's credit risk assessment after adoption of HKFRS 9 at 1 April 2018

Trade receivables and contract assets arising from contracts with customers

The Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables and amounts due from subsidiaries

The management of the Group regularly reviews and assesses the credit quality of the counterparties. The Group uses 12m ECL to assess the loss allowance of other receivables and amounts due from subsidiaries since these receivables are not past due and there has not been a significant increase in credit risk since initial recognition. In this regard, the directors of the Company consider that the Group's credit risk is not significant.

Bank balances

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group is exposed to concentration of credit risk as at 31 March 2017 and 2018 on trade and retention receivables from the Group's three major customers amounting to HK$28,915,000 and HK$56,530,000 respectively and accounted for 70% and 77% respectively of the Group's total trade and retention receivables. The Group is exposed to concentration of credit risk as at 31 March 2019 and 31 July 2019 on trade receivables and contract assets from the Group's three major customers amounting to HK$128,290,000 and HK$146,122,000 and accounted for 76% and 70% of the Group's total trade receivables and contract assets. In the opinion of the management of the Group, the major customers of the Group are certain reputable organisations in the market with good settlement history. The management of the Group considers that the credit risk is limited in this regard.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The table below details the credit risk exposures of the Group's financial assets at amortised cost and contract assets, which are subject to ECL assessment:

As at 31 March 2019	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	The Group Gross carrying amount	The Company Gross carrying amount
					HK$'000	HK$'000
Financial assets at amortised cost						
Bank balances and cash	*25*	Aa3/A1	N/A	12m ECL (not credit-impaired)	91,853	37,291
Other receivables	*21*	N/A	Low risk	12m ECL (not credit-impaired)	807	—
Trade receivables	*21*	N/A	(Note)	Lifetime ECL (not credit-impaired)	82,935	—
Amounts due from subsidiaries	*20*	N/A	Low risk	12m ECL (not credit-impaired)	—	12,589
					175,595	49,880
Other item:						
Contract assets	*22*	N/A	(Note)	Lifetime ECL (not credit-impaired)	88,504	—
					264,099	49,880

Note: For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade receivables and contract assets are assessed individually based on internal credit rating.

Gross carrying amount

Internal credit rating	Trade receivables	Contract assets
	HK$'000	HK$'000
Low risk	6,026	49,464
Watch list	75,572	38,495
Doubtful	1,337	545
	82,935	88,504

As at 31 July 2019	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	The Group Gross carrying amount	The Company Gross carrying amount
					HK$'000	HK$'000
Financial assets at amortised cost						
Bank balances and cash	*25*	Aa3/A1	N/A	12m ECL (not credit-impaired)	40,188	31,416
Other receivables	*21*	N/A	Low risk	12m ECL (not credit-impaired)	697	—
Trade receivables	*21*	N/A	(Note)	Lifetime ECL (not credit-impaired)	69,602	—
Amounts due from subsidiaries	*20*	N/A	Low risk	12m ECL (not credit-impaired)	—	11,619
					110,487	45,035
Other item:						
Contract assets	*22*	N/A	(Note)	Lifetime ECL (not credit-impaired)	142,604	—
					253,091	45,035

Internal credit rating	Trade receivables	Contract assets
	HK$'000	HK$'000
Low risk	11,226	53,054
Watch list	57,694	89,004
Doubtful	682	546
	69,602	142,604

The estimated loss rates are estimated based on probability of default and loss given default with reference to external credit reports and are adjusted for forward-looking information that is available without undue cost or effort. Management performs review regularly to ensure relevant information about specific debtors is updated. During the period ended 31 March 2019 and 31 July 2019, the expected credit loss rates for trade receivables and contract assets are ranging from 0.10% to 6.28% and 0.10% to 6.28% respectively.

During the year ended 31 March 2019, the Group provided HK$1,086,000 and reversed HK$114,000 impairment allowance for trade receivables and contract assets respectively.

During the period ended 31 July 2019, the Group provided HK$1,381,000 and HK$860,000 impairment allowance for trade receivables and contract assets respectively and reversed HK$1,440,000 and HK$1,000 impairment allowance for trade receivables and contract assets respectively.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	Trade receivables (not credit-impaired	Trade receivables (credit-impaired	Contract assets (not credit-impaired	Contract assets (credit-impaired
	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2018 under HKAS 39	—	—	—	—
Adjustment upon application of HKFRS 9	893	—	1,422	—
At 1 April 2018 — As restated	893	—	1,422	—
Impairment loss recognised	1,040	250	376	—
Impairment loss reversed	(204)	—	(490)	—
Write-offs	(17)	(250)	—	—
At 31 March 2019	1,712	—	1,308	—
Impairment loss recognised	1,021	360	860	—
Impairment loss reversed	(1,440)	—	(1)	—
Write-offs	—	(360)	—	—
At 31 July 2019	1,293	—	2,167	—

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group believes that the Group will have sufficient working capital for its future operational requirement.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interests and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from contracted interest rate curve at the end of each reporting period.

	Weighted average interest rate	On demand or less than 1 year	1–5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2017					
Non-derivative financial liabilities					
Trade and retention payables	—	21,582	—	21,582	21,582
Obligations under finance leases	3.27	759	1,256	2,015	1,912
		22,341	1,256	23,597	23,494
At 31 March 2018					
Non-derivative financial liabilities					
Trade and retention payables	—	35,069	—	35,069	35,069
Obligations under finance leases	1.89	1,018	1,308	2,326	2,222
		36,087	1,308	37,395	37,291
At 31 March 2019					
Non-derivative financial liabilities					
Trade and retention payables	—	58,606	—	58,606	58,606
Bank borrowings	4.70	6,138	—	6,138	6,028
Obligations under finance leases	1.76	606	661	1,267	1,221
		65,350	661	66,011	65,855
At 31 July 2019					
Non-derivative financial liabilities					
Trade and retention payables	—	68,289	—	68,289	68,289
Bank borrowings	4.46	2,866	—	2,866	2,825
Lease liabilities	2.86	872	689	1,561	1,508
		72,027	689	72,716	72,622

Fair value

The fair values of other financial assets and financial liabilities recorded at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

38. RELATED PARTY TRANSACTIONS

Other than the transactions and balances disclosed elsewhere in the Historical financial Information, the Group had the following transactions with related parties during the Track Record Period:

(i) Transactions

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Purchases of materials from:					
Victor Link Trading Limited *(note)*	196	14	127	64	69
Speed Well Building Material *(note)*	1,226	—	—	—	—

Note: The Group's related party transactions were carried out in accordance with the terms and conditions mutually agreed by the contracting parties. Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping are the common directors and ultimate controlling parties of Victor Link Trading Limited and were partners of Speed Well Building Material until April 2017 when Speed Well Building Material was dissolved and ceased to be the Group's related party.

The directors of the Company, Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping, provided personal guarantees in favour of certain customers of the Group, which are the main contractors, in respect of certain building construction services and RMAA Services projects of the Group with an aggregate contract sum of HK$1,041.6 million as at 31 March 2017. The personal guarantees served as securities for the due performance and observance of the Group's obligations under the contracts and Mr. Tsang Chiu Kwan and Mr. Tsang Man Ping agreed to indemnify the relevant customers for any loss or damage suffered as a result of our Group's default under the contracts. All personal guarantees were released before December 2017.

A director of the Company, Mr. Tsang Man Ping, entered into a tenancy agreement with landlord in respect of a premises that was used by the Group as an office and storage of goods. The rental expenses incurred by the Group during the year ended 31 March 2017 and 2018 is HK$144,000 and HK$36,000, respectively. The tenancy agreement was terminated in June 2017.

(ii) Balances

Details of the balances with related parties are set out in the consolidated statements of financial position and note 24.

(iii) Compensation of key management personnel

The remuneration of key management personnel (including the directors of the Company) of the Group during the Track Record Period is as follows:

	Year ended 31 March			Four months ended 31 July	
	2017	2018	2019	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000 (unaudited)	HK$'000
Fee	—	94	720	240	240
Salaries and other allowances	1,400	5,397	7,001	1,319	1,240
Retirement benefits scheme contributions	20	86	92	30	30
	1,420	5,577	7,813	1,589	1,510

The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

39. PARTICULAR OF SUBSIDIARIES

At the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ operation	Date of incorporation	Issued and fully paid capital	Equity interest attributable to the Company as at: As at 31 March 2017	2018	2019	the date of this report	Principal activities	Notes
Directly held									
Nation Max	BVI/Hong Kong	16 May 2017	US$10,000	N/A	100%	100%	100%	Investment holding	(i)
Indirectly held									
Double Gain	Hong Kong	15 December 2014	HK$10,000	100%	100%	100%	100%	Provision of building construction services and RMAA Services	(ii)

None of the subsidiaries had issued any debt securities at the end of the year.

Notes:

(i) No statutory audited financial statements have been prepared since its date of incorporation as it was incorporated in a jurisdiction where there are no statutory audit requirements.

(ii) The statutory financial statements for each of the years ended 31 March 2017, 2018 and 2019 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

40. SHARE OPTION SCHEME

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

During the years ended 31 March 2018 and 2019 and the four months ended 31 July 2018 and 2019, the Group did not grant any share option under the share option scheme of the Company.

41. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2017 and 2018, the Group entered into a finance lease arrangement in respect of a motor vehicles with a value of approximately HK$1,233,000 and HK$1,384,000, respectively, at the inception of lease. In addition, during the year ended 31 March 2018, the Company declared dividends amounting to HK$18,419,000 which is settled by offsetting the amounts due from shareholders in the same amount.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank borrowings	Obligation under finance leases	Accrued shares issue expenses	Dividend payable	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2016	—	1,450	—	—	—	1,450
Acquisition	—	1,233	—	—	—	1,233
Interest accrued	—	76	—	—	—	76
Dividend declared	—	—	—	7,963	—	7,963
Financing cash flows	—	(847)	—	(7,963)	—	(8,810)
At 31 March 2017	—	1,912	—	—	—	1,912
Acquisition	—	1,384	—	—	—	1,384
Interest accrued	—	104	—	—	—	104
Dividend declared	—	—	—	18,419	—	—
Share issuance costs	—	—	7,041	—	—	7,041
Financing cash flows	—	(1,178)	(6,941)	—	—	(8,119)
Non-cash transaction	—	—	—	(18,419)	—	—
At 31 March 2018	—	2,222	100	—	—	2,322
Interest accrued	217	58	—	—	—	275
Financing cash flows	5,811	(1,059)	(100)	—	—	4,652
At 31 March 2019	6,028	1,221	—	—	—	7,249
Adoption of HKFRS 16	—	(1,221)	—	—	1,803	582
At 1 April 2019 (restated)	6,028	—	—	—	1,803	7,831
Interest accrued	71	—	—	—	23	94
Financing cash flows	(3,274)	—	—	—	(318)	(3,592)
At 31 July 2019	2,825	—	—	—	1,508	4,333
Unaudited						
At 31 March 2018	—	2,222	100	—	—	2,322
Interest accrued	50	24	—	—	—	74
Financing cash flows	7,305	(351)	—	—	—	6,954
At 31 July 2018	7,355	1,895	100	—	—	9,350

43. SUBSEQUENT EVENT

There has been no material events or dividend declaration subsequent to the Track Record Period which require adjustment or disclosure in accordance with HKFRSs.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to 31 July 2019.

The following is the financial information of our Group for the six months ended 30 September 2019, which has been prepared in accordance with the HKFRSs. Accordingly, our Directors consider there is no material variation between the accounting principles, practices and methods used in preparing the financial information for the six months ended 30 September 2019 and our audited financial information during the Track Record Period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 September	
		2019	**2018**
	Notes	**HK$'000 (unaudited)**	**HK$'000 (unaudited)**
Revenue	*3*	514,069	328,901
Cost of services		(476,942)	(302,785)
Gross profit		37,127	26,116
Other income, gains and losses		300	447
Administrative expenses		(5,479)	(5,724)
Impairment losses, net of reversal of impairment on trade receivables and contract assets		(670)	(45)
Listing expenses		(10,304)	—
Finance costs		(125)	(132)
Profit before taxation		20,849	20,662
Income tax expense	*5*	(5,095)	(3,500)
Profit and total comprehensive income for the period attributable to owners of our Company	*6*	15,754	17,162
Earnings per share	*8*		
Basic (HK cents)		4.23	4.61

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2019 HK$'000 (unaudited)	At 31 March 2019 HK$'000 (audited)
Non-current assets			
Plant and equipment	*9*	3,232	2,632
Right-of-use assets	*9*	1,004	—
Deposits for acquisition of plant and equipment		87	87
Deferred tax assets		136	275
		4,459	2,994
Current assets			
Trade and other receivables	*10*	88,336	99,777
Contract assets	*11*	149,305	87,196
Bank balances and cash		39,628	91,853
		277,269	278,826
Current liabilities			
Trade and other payables	*12*	64,115	67,062
Tax payable		7,798	2,842
Bank borrowings	*13*	1,892	6,028
Contract liabilities		31,251	45,107
Lease liabilities/obligations under finance 1eases		816	575
		105,872	121,614
Net current assets		171,397	157,212
Total assets less current liabilities		175,856	160,206
Non-current liability			
Lease liabilities/obligations under finance leases		542	646
Net assets		175,314	159,560
Capital and reserves			
Share capital	*14*	3,720	3,720
Reserves		171,594	155,840
Total equity		175,314	159,560

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve	Other reserve	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2019 (audited)	3,720	132,532	(48,883)	(3,337)	75,528	159,560
Profit and total comprehensive income for the period	—	—	—	—	15,754	15,754
At 30 September 2019 (unaudited)	3,720	132,532	(48,883)	(3,337)	91,282	175,314
At 1 April 2018 (audited)	3,720	132,532	(48,883)	(3,337)	37,260	121,292
Profit and total comprehensive income for the period	—	—	—	—	17,162	17,162
At 30 September 2018 (unaudited)	3,720	132,532	(48,883)	(3,337)	54,422	138,454

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2019	2018
	HK$'000 (unaudited)	HK$'000 (unaudited)
Net cash used in operating activities	(45,823)	(14,446)
Net cash used in investing activities		
Purchase of plant and equipment	(1,973)	(1,270)
Proceed from disposal of plant and equipment	70	—
Interest received	189	131
	(1,714)	(1,139)
Net cash (used in) from financing activities		
New bank loans raised	—	8,999
Repayment of borrowings	(4,136)	(3,128)
Repayment of obligation under finance leases	—	(491)
Repayment of lease liabilities	(445)	—
Interest paid for lease liabilities	(13)	—
Interest paid	(94)	(132)
	(4,688)	5,248
Net decrease in cash and cash equivalents	(52,225)	(10,337)
Cash and cash equivalents at 1 April	91,853	69,017
Cash and cash equivalents at 30 September, represented by		
Bank balances and cash	39,628	58,680

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by HKICPA as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 the same as those presented in our annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the current interim period, our Group has applied, for the first time, the following new and amendments to HKFRSs and HKASs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of our condensed consolidated financial statements:

HKFRS 16	Leases
HK (IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on our financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 "Leases"

Our Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

2.1.1 *Key changes in accounting policies resulting from application of HKFRS 16*

Our Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Our Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, our Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

Our Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any initial direct costs incurred by our Group; and
- an estimate of costs to be incurred by our Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which our Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Our Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of our Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, our Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, our Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by our Group; and
- payments of penalties for terminating a lease, if the lease term reflects our Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which our Group recognises the right-of-use assets and the related lease liabilities, our Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, our Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.1.2 *Transition and summary of effects arising from initial application of HKFRS 16*

Definition of a lease

Our Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, our Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, our Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

Our Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, our Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the exclude initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, our Group has made the following adjustments upon application of HKFRS 16:

As at 1 April 2019, our Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

Our Group recognised lease liabilities of HK$582,000 and right-of-use assets of HK$582,000 at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, our Group has applied incremental borrowing rate of the relevant group entity at the date of initial application. The lessee's weighted average incremental borrowing rate applied is 5.13%.

	Note	At 1 April 2019 HK$'000
Operating lease commitments disclosed as at 31 March 2019		619
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		582
Add: Obligations under finance leases recognised at 31 March 2019	*(a)*	1,221
Lease liabilities as at 1 April 2019		1,803
Analysed as		
Current		874
Non-current		929
		1,803

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Note	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		582
Amounts included in plant and equipment under HKAS 17 — Assets previously under finance leases	*(a)*	937
		1,519
By class:		
Land and buildings		582
Motor vehicles		937
		1,519

(a) In relation to the assets previously under finance leases, our Group recategorised the carrying amounts of the relevant assets which were still under leases as at 1 April 2019 amounting to HK$937,000 as right-of-use assets. In addition, our Group reclassified the obligations under finance leases of HK$575,000 and HK$646,000 to lease liabilities as current and non-current liabilities, respectively as at 1 April 2019.

There was no impact of transition to HKFRS 16 on the retained earnings as at 1 April 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	HK$'000	HK$'000
Non-current Assets			
Plant and equipment	2,632	(937)	1,695
Right-of-use assets	—	1,519	1,519
Current liabilities			
Lease liabilities	—	874	874
Obligations under finance leases	575	(575)	—
Non-current liabilities			
Lease liabilities	—	929	929
Obligations under finance leases	646	(646)	—

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 September 2019, movements in working capital have been computed based on opening statement of financial position as at 1 April 2019 as disclosed above.

3. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2019	**2018**
	HK$'000	**HK$'000**
	(unaudited)	**(unaudited)**
Types of services		
Provision of building construction services	123,480	32,427
Provision of repair, maintenance, addition and alteration services ("**RMAA Services**")	390,589	296,474
	514,069	328,901
Timing of revenue recognition		
Overtime	514,069	328,901

4. SEGMENT INFORMATION

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

Our revenue from external customers was derived solely from its operations in Hong Kong during the six months ended 30 September 2019 and 2018, and the non-current assets of our Group were all located in Hong Kong as at 30 September 2019 and 31 March 2019.

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2019	**2018**
	HK$'000	**HK$'000**
	(unaudited)	**(unaudited)**
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	4,956	3,401
Deferred tax	139	99
	5,095	3,500

6. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2019	2018
	HK$'000 (unaudited)	HK$'000 (unaudited)
Profit for the period is arrived at after charging (crediting):		
Depreciation of plant and equipment	436	639
Depreciation of right-of-use assets	515	—
Interest income	(189)	(131)
Gain on disposal of plant and equipment	(70)	—

7. DIVIDENDS

No dividend was paid, declared or proposed during the interim period. Our Directors have determined that no dividend will be paid in respect of interim period.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of our Company is based on the following data:

	Six months ended 30 September	
	2019	2018
	HK$'000 (unaudited)	HK$'000 (unaudited)
Earnings		
Profit for the period attributable to owners of our Company for the purpose of calculating basic earnings per share	15,754	17,162

Number of shares

	Six months ended 30 September	
	2019	2018
	'000 (unaudited)	'000 (unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	372,000	372,000

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

9. MOVEMENTS IN PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, our Group acquired items of plant and equipment of HK$1,973,000 (2018: HK$1,270,000). For six months ended 30 September 2019, our Group disposed of certain items of plant and equipment with nil carrying amount for cash proceeds of HK$70,000, resulting in a gain on disposal of HK$70,000. There is no disposal of plant and equipment for six months ended 30 September 2018.

During the current interim period, no new lease arrangement was entered by our Group.

10. TRADE AND OTHER RECEIVABLES

Our Group allows an average credit period of 30 days to its customers.

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

	At 30 September 2019	At 31 March 2019
	HK$'000	**HK$'000**
	(unaudited)	**(audited)**
1–30 days	49,147	33,268
31–60 days	3,593	48,883
61–90 days	—	—
Over 90 days	3,661	784
	56,401	82,935
Less: Allowance for credit losses	(1,042)	(1,712)
	55,359	81,223
Other receivables	32,977	18,554
	88,336	99,777

11. CONTRACT ASSETS

	At 30 September 2019	At 31 March 2019
	HK$'000	**HK$'000**
	(unaudited)	**(audited)**
Analysed as current:		
Retention receivables of construction contracts *(note a)*	6,958	6,285
Unbilled revenue of construction contracts *(note b)*	144,635	82,219
Less: Impairment losses	(2,288)	(1,308)
	149,305	87,196

(a) Retention receivables included in contract assets represent our right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by our Group on the service quality of the construction work performed by our Group. The due dates for retention receivables are one to two years after the completion of construction work.

(b) Unbilled revenue included in contract assets represents our right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by our customers on the construction work completed by our Group and the work is pending for the certification by our customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time our Group obtains the certification of the completed construction work from our customers.

12. TRADE AND OTHER PAYABLES

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

	At 30 September 2019	At 31 March 2019
	HK$'000 (unaudited)	HK$'000 (audited)
1–30 days	24,692	31,872
31–60 days	6,561	6,207
61–90 days	5,746	4,962
Over 90 days	11,384	8,758
	48,383	51,799
Other payables	15,732	15,263
	64,115	67,062

13. BANK BORROWINGS

During the current interim period, our Group did not obtain any new bank loans (31 March 2019: HK$14,586,000). Bank borrowings are unsecured variable-rate borrowings which carry interest rate of Hong Kong Interbank Offered Rate ("**HIBOR**") +3% per annum as at 30 September 2019 and interest ranging from HIBOR +2% to HIBOR +3% per annum as at 31 March 2019 respectively.

14. SHARE CAPITAL

The share capital as at 31 March 2019 and 30 September 2019 represented the issued and fully paid share capital of our Company.

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 March 2019 and 30 September 2019	780,000,000	7,800
Issued and fully paid:		
At 31 March 2019 and 30 September 2019	372,000,000	3,720

15. SHARE OPTION SCHEME

Our Company's share option scheme was adopted pursuant to a resolution passed on 23 January 2018 for the primary purpose of providing incentives to directors and eligible employees. Under the scheme, our Directors may grant options to eligible employees, including directors of our Company and our subsidiaries, to subscribe for shares in our Company. Additionally, our Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to our Company. Details of the share option scheme are disclosed in the Directors' Report of 2019 annual report dated 5 June 2019.

During the six months ended 30 September 2019, our Group did not granted any share option under the share option scheme of our Company (2018: nil).

16. CAPITAL COMMITMENTS

At the end of current period, our Group does not has any capital commitments (31 March 2019: nil).

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value

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

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

18. RELATED PARTY TRANSACTIONS

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

(i) Transactions

	Six months ended 30 September	
	2019	**2018**
	HK$'000 (unaudited)	**HK$'000 (unaudited)**
Purchases of materials from:		
Victor Link Trading Limited *(note)*	88	74

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

(ii) Compensation of key management personnel

The remuneration of our Directors and the other members of key management are as follows:

	Six months ended 30 September	
	2019	**2018**
	HK$'000 (unaudited)	**HK$'000 (unaudited)**
Short-term benefits	2,265	2,335

19. SUBSEQUENT EVENT

There has been no material events or dividend declaration subsequent to the current interim period which require adjustment or disclosure in accordance with HKFRSs.

REVIEW OF OUR FINANCIAL INFORMATION OF OUR GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Our financial information for the six months ended 30 September 2019 has been reviewed by our reporting accountant 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.

The information set out in this Appendix does not form part of the Accountants' Report on the financial information of our Group for three years ended 31 March 2019 and four months ended 31 July 2019 issued by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, our Company's Reporting Accountants, as set out in Appendix I to this listing document, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial information" in this listing document and the Accountants' Report set out in Appendix I to this listing document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the Transfer of Listing on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2019.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2019 or any future date following the Transfer of Listing.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2019 as derived from the Accountants' Report set out in Appendix I to this listing document, and adjusted as follows:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2019	Estimated listing expenses	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2019	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2019 per Share
	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 1)	*(Note 2)*		*(Note 3)*
Based on 372,000,000 ordinary shares	164,258	(6,360)	157,898	0.42

Notes:

1. The amount is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 July 2019 amounting to HK$164,258,000, extracted from the Accountants' Report set out in Appendix I to this listing document.

2. The estimated listing expenses mainly include professional fees paid/payable to professional parties related to the Transfer of Listing, which are expected to be incurred by the Group subsequent to 31 July 2019.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share is arrived at after the adjustment as described in note 2 above.

4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2019 to reflect any trading results or other transactions of the Group entered into subsequent to 31 July 2019.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Company's unaudited pro forma financial information prepared for the purpose of incorporation in this listing document.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Gain Plus Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Gain Plus Holdings Limited (the "**Company**") and its subsidiaries (hereafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 July 2019 and related notes as set out on pages II-1 to II-2 of Appendix II to the listing document issued by the Company dated 19 December 2019 (the "**Listing Document**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Listing Document.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed transfer of listing of the Company's shares from GEM to the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Transfer of Listing**") on the Group's financial position as at 31 July 2019 as if the Transfer of Listing had taken place at 31 July 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for the three years ended 31 March 2019 and four months ended 31 July 2019, on which an accountants' report set out in Appendix I to the Listing Document 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 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**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 (the "**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 behavior.

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 4.29(7) of the 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the 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 the unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction 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 event or transaction at 31 July 2019 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related 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 event or transaction 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 4.29 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

19 December 2019

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 Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 July 2017 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 23 January 2018 and became effective on 13 February 2018. A summary of certain provisions of the Articles is set out below.

(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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) ***Transfer of shares***

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) ***Power of the Company to purchase its own shares***

The Company may 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 requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) ***Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to the 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 as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. 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 20% per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) ***Appointment, retirement and removal***

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers 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, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) 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 shall be 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.

Neither the Company nor the Board shall be 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall 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***

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(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 uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, 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 Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) ***Compensation or payments for loss of office***

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(vii) ***Loans and provision of security for loans to Directors***

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) ***Disclosure of interest in contracts with the Company or any of its subsidiaries***

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of 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 or other benefits received by him as a director, officer or member of 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 in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) 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/have 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 proposal concerning an offer of shares, 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 proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) *Proceedings of the Board*

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is 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 members which 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.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised 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 in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) ***Annual general meetings***

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) ***Requisition of general meetings***

Extraordinary general meetings may be convened on the requisition of one or more members 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 of the Company 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 two 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 (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.

(v) ***Notices of meetings and business to be conducted***

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be 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, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(vi) *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, and continues to be present until the conclusion of the meeting.

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.

(vii) *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 shall be 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 shall be 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 if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) 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.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) 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, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction 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 consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 4 July 2017 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so 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 are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. 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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (as revised) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

  (aa) on or in respect of the shares, debentures or other obligations of the Company; or

  (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (as revised).

The undertaking for the Company is for a period of 20 years from 19 July 2017.

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.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right 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 of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, 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 (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized 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.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the 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 III. 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. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 July 2017. Our Company has established a principal place of business in Hong Kong at Unit 1323A, Level 13, Landmark North, 39 Lung Sum Avenue, Sheung Shui, the New Territories, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 4 August 2017. In connection with such registration, Mr. CK Tsang of 2/F, No. 79 San Uk Ka Village, Tai Po, the New Territories, Hong Kong has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, we are subject to the Companies Law and to our constitution documents which comprises our Memorandum of Association and Articles of Association. A summary of certain provisions of our constitution documents and relevant aspects of the Companies Law is set out in Appendix III to this listing document.

2. Changes in share capital of our Company

(a) Our Company was incorporated in the Cayman Islands on 4 July 2017 as an exempted company with limited liability under the Companies Law. As at the date of incorporation, our Company had an authorised share capital of HK$390,000 divided into 39,000,000 Shares of HK$0.01 each, of which one Share was allotted and issued as fully paid to an initial subscriber (who is an Independent Third Party) at par. On the same date, such Share was transferred to Giant Winchain at par and an additional 2,249 Shares, 250 Shares, 3,750 Shares and 3,750 Shares were allotted and issued as fully paid to Giant Winchain, Wealth-In, Great Star and Universe King at par respectively.

(b) On 23 January 2018, Giant Winchain, Wealth-In, Great Star, Universe King and our Company entered into a share swap agreement pursuant to which each of Giant Winchain, Wealth-In, Great Star and Universe King respectively transferred 2,475 shares, 275 shares, 4,125 shares and 4,125 shares of Nation Max (which represented the entire issued share capital of Nation Max) to our Company in consideration of our Company allotting and issuing 225 Shares, 25 Shares, 375 Shares and 375 Shares to Giant Winchain, Wealth-In, Great Star and Universe King respectively. As a result, Nation Max became a wholly-owned subsidiary of our Company.

(c) Pursuant to the written resolutions of our then Shareholders passed on 23 January 2018, the authorised share capital of our Company increased from HK$390,000 to HK$7,800,000 by the creation of a further 741,000,000 Shares.

(d) Upon the share premium account of our Company being credited as a result of the issue of our Shares pursuant to the GEM Share Offer, a total of 278,989,000 Shares credited as fully paid at par were allotted and issued to the holders of Shares on the register of members of our Company at the close of business on 23 January 2018 in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK$2,789,890 standing to the credit of the share premium account of our Company. As a result, immediately following the completion of the GEM Share Offer and the capitalisation issue ("**Capitalisation Issue**") for the purpose of the Listing on GEM (without taking into account any options which may be granted under the Share Option Scheme), 372,000,000 Shares were allotted and issued, all fully paid or credited as fully paid, and 408,000,000 Shares remained unissued. Other than options which may fall to be granted under the Share Option Scheme, the exercise of the general mandate granted by our Shareholders at the general meeting of our Company on 7 August 2019, our Directors have no present intention to issue any part of the authorised but unissued capital of our Company, and without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

(e) Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions of our Board in respect of the Transfer of Listing

Pursuant to the resolutions passed by our Directors on 16 December 2019, *inter alia*:

(a) subject to the Listing Committee granting approval for the Transfer of Listing, our Shares shall be transferred to be listed on the Main Board; and

(b) subject to the Listing Committee granting approval for the Transfer of Listing, the Share Option Scheme shall remain valid and effective, subject to changes in relation to the Transfer of Listing including but not limited to all references to the GEM Listing Rules therein shall mean the Main Board Listing Rules and the specific reference to any rule of the GEM Listing Rules shall be deemed to refer to the corresponding rule in the Main Board Listing Rules with the equivalent content.

4. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this listing document.

Save as mentioned in the paragraph headed "History and Corporate Structure — Corporate development" in this listing document, there was no change in the share capital of any of the subsidiaries of our Company during the two years preceding the date of this listing document.

Save for the subsidiaries mentioned in Appendix I to this listing document, our Company has no other subsidiaries.

5. Repurchase of our own securities

This paragraph includes information required by the Stock Exchange to be included in this listing document concerning the repurchase by our Company of its own securities.

(a) *Provisions of the Main Board Listing Rules*

The Main Board Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange 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.

Note: The general mandates granted by our Shareholders at the annual general meeting of our Company on 7 August 2019 to our Directors to allot and issue new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the revocation or variation of the authority given under the resolution by any ordinary resolution of the Shareholders in general meeting; or

(c) the expiration of the period within which the next annual general meeting of our Company is required by any applicable laws or the Articles of Association to be held.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the laws of the Cayman Islands. Our Company may not repurchase our own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by our Company may be made out of profits, the share premium of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of either or both of the profits of our Company or our Company's share premium account before or at the time our Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) *Core connected parties*

The Main Board Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) *Exercise of the repurchase mandate*

Our Directors have been granted a general unconditional mandate (the "**Repurchase Mandate**") to exercise all powers of our Company to repurchase our Shares pursuant to the ordinary resolutions passed at the annual general meeting of our Company held on 7 August 2019.

Exercise in full of the Repurchase Mandate, on the basis of 372,000,000 Shares in issue on the date when the said ordinary resolutions were passed, could accordingly result in up to 37,200,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

As at the Latest Practicable Date, the Repurchase Mandate had not been utilised and will lapse at the conclusion of the next annual general meeting of our Company.

(c) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) *Funding of repurchases*

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association, the Main Board Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this listing document and taking into account the current working capital position of our Group, our 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 our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(e) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Main Board Listing Rules) currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Main Board Listing Rules, our Memorandum and Articles and the applicable laws of the Cayman Islands.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Main Board Listing Rules).

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase in Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

No core connected person (as defined in the Main Board Listing Rules) of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) have been entered into by members of our Group within the two years immediately preceding the date of this listing document and are or may be material in relation to the business of our Company taken as a whole:

(a) the share swap agreement relating to the entire issued share capital of Nation Max dated 23 January 2018 entered into between Great Star, Universe King, Giant Winchain, Wealth-In and our Company, pursuant to which Great Star, Universe King, Giant Winchain and Wealth-In respectively transferred 4,125 shares, 4,125 shares, 2,475 shares and 275 shares of Nation Max to our Company in consideration of which our Company allotting and issuing credited as fully paid 375 Shares, 375 Shares, 225 Shares and 25 Shares to Great Star, Universe King, Giant Winchain and Wealth-In respectively;

(b) the deed of non-competition dated 23 January 2018 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries);

(c) the public offer underwriting agreement dated 29 January 2018 entered into among our Company, our Controlling Shareholders, our executive Directors, Innovax Capital Limited, Innovax Securities Limited and the public offer underwriters (whose names appeared in schedule 2 thereto);

(d) the placing underwriting agreement dated 5 February 2018 entered into among our Company, our Controlling Shareholders, our executive Directors, Innovax Capital Limited, Head & Shoulders Securities Limited and the placing underwriters (whose names appeared in schedule 2 thereto); and

(e) the Deed of Indemnity and the Supplemental Deed of Indemnity;

(f) the Deed of Non-Competition; and

(g) the agreement dated 18 December 2019 entered into among our Company, our Controlling Shareholders, our executive Directors and the Sole Sponsor in relation to the Transfer of Listing.

2. Intellectual property rights of our Group

As at the Latest Practicable Date, our Group has registered the following domain name which we believe is material to our business:

Registrant	Domain Name	Registration Date	Expiry Date
Double Gain	www.doublegain.hk	10 August 2017	2 February 2020

Save as disclosed, our Group has not registered or held any trade or service marks, patents, copyrights, other intellectual or industrial property rights in relation to the business of our Group.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interests of Directors

So far as our Directors are aware, and assuming that the total number of Shares in issue remains unchanged from the Latest Practicable Date to the date of this listing document and without taking into account of any Shares which may be or have been allotted and issued pursuant to the Share Option Scheme, immediately upon the Transfer of Listing, the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Main Board Listing Rules (the "**Model Code**"), will be as follows:

(i) *Long position in the Shares*

Name of Director(s)	Nature of interest	Number and class of securities (*Note 1*)	Percentage of shareholding
Mr. CK Tsang *(Notes 2 & 3)*	Interest in controlled corporation	104,625,000 ordinary Shares (L)	28.125%
Mr. MP Tsang *(Notes 3 & 4)*	Interest in controlled corporation	104,625,000 ordinary Shares (L)	28.125%

Notes:

1. The letter (L) denotes the person's long interest in our Shares.

2. Mr. CK Tsang beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all the Shares held by Universe King for purposes of the SFO.

3. On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among others, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group since their respective dates of incorporation and will continue so as of and after the date of the Concert Parties Confirmatory Deed. Details of the Concert Parties Confirmatory Deed are set out in the paragraph headed "History and Corporate Structure — Parties acting in concert" in this listing document.

4. Mr. MP Tsang beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all our Shares held by Great Star for purposes of the SFO.

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

Name of Director(s)	Nature of associated corporation	Nature of interest	No. of Shares held	Percentage of interest
Mr. CK Tsang	Universe King *(Note)*	Beneficial Owner	1,000	100%
Mr. MP Tsang	Great Star *(Note)*	Beneficial Owner	1,000	100%

Note: As at the date of this listing document, each of Universe King and Great Star hold in aggregate 104,625,000 Shares, representing 28.125% of the issued share capital of our Company.

(b) *Particulars of service contracts*

Each of our executive Directors has on 16 December 2019 entered into a service agreement with our Company for a period of three years starting from the date when our Shares commence trading on the Main Board. The terms and conditions of each of such service agreements are similar in all material aspects and are briefly described as follows:

(i) Each service agreement is for an initial fixed term of three years commencing from the date of Transfer of Listing and shall continue thereafter until it is terminated by either party by giving not less than three months' notice in writing at any time after such initial fixed term to the other, provided that our Company may terminate the agreement by giving to our executive Director not less than three months' prior notice in writing at any time after the date of the agreement. The appointment shall terminate automatically in the event of our executive Director ceasing to be a director for whatever reason.

(ii) Under the arrangements currently proposed, conditional upon the Transfer of Listing, the annual remuneration (excluding payment pursuant to any discretionary benefits or bonus, granting of share options or other fringe benefits) payable by our Group to each of Mr. CK Tsang, Mr. MP Tsang and Mr. Lee Alexander Patrick will be approximately HK$882,000, HK$882,000 and HK$600,000 respectively.

(iii) Each of our executive Directors may be entitled to, if so recommended by our remuneration committee and approved by our Board at its absolute discretion, a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of our executive Director.

Each of our independent non-executive Directors has on 16 December 2019 entered into a letter of engagement with our Company under which each of them is appointed for a period of three years starting from the date when our Shares commence trading on the Main Board. The annual director's fee payable to each of Mr. Chen Yeung Tak, Mr. So Chun Man and Ms. Li Amanda Ching Man under their respective letter of engagement shall be HK$240,000. Save for the annual director's fees mentioned above, none of our independent non-executive Directors is expected to receive any other remuneration for holding his office as an independent non-executive Director.

(c) ***Directors' remuneration***

Our Company's policies concerning remuneration of executive Directors are:

(i) the amount of remuneration payable to our executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;

(ii) non-cash benefits may be provided to our executive Directors under their remuneration package; and

(iii) our executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

An aggregate sum of approximately HK$1,420,000, HK$3,470,000, HK$6,061,000 and HK$1,046,000 was paid to our Directors as remuneration and benefits in kind in their capacity as Directors by our Group for the years ended 31 March 2017, 2018 and 2019 and the four months ended 31 July 2019 respectively. Further information in respect of our Directors' remuneration is set out in note 14 to the Accountants' Report set out in Appendix I to this listing document.

An aggregate sum of approximately HK$3,084,000 will be paid to our Directors as remuneration and benefits in kind by our Group for the year ending 31 March 2020 under the arrangements in force at the date of this listing document excluding management bonus.

2. Substantial shareholders

So far as our Directors are aware, and assuming that the total number of Shares in issue remains unchanged from the Latest Practicable Date to the date of this listing document and without taking into account of any Shares which may be or have been allotted and issued pursuant to the Share Option Scheme, immediately upon the Transfer of Listing, the following persons will have an interest or a short position in the Shares or the underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	Nature of interest	Number of Shares (*Note 1*)	Percentage of shareholding
Mr. CK Tsang	Interest of a controlled corporation *(Notes 2&3)*	104,625,000 (L)	28.125%
Ms. Leung Wai Ling (“**Ms. Leung**”)	Interest of spouse *(Note 4)*	104,625,000 (L)	28.125%
Universe King	Beneficial owner	104,625,000 (L)	28.125%
Mr. MP Tsang	Interest of a controlled corporation *(Notes 3&5)*	104,625,000 (L)	28.125%
Ms. Wong Lin Fung (“**Ms. Wong**”)	Interest of spouse *(Note 6)*	104,625,000 (L)	28.125%
Great Star	Beneficial owner	104,625,000 (L)	28.125%
Mr. Lai	Interest of a controlled corporation *(Note 7)*	62,775,000 (L)	16.875%
Ms. Chu Siu Ping (“**Ms. Chu**”)	Interest of spouse *(Note 8)*	62,775,000 (L)	16.875%
Giant Winchain	Beneficial owner	62,775,000 (L)	16.875%

Notes:

1. The letter (L) denotes the person’s long interest in our Shares.

2. Mr. CK Tsang beneficially owns the entire issued share capital of Universe King and is deemed, or taken to be, interested in all our Shares held by Universe King for purposes of the SFO.

3. On 9 August 2017, Mr. CK Tsang and Mr. MP Tsang entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among others, that they are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) in respect of each of the members of our Group since their respective dates of incorporation and will continue so as of and after the date of the Concert Parties Confirmatory Deed. Details of the Concert Parties Confirmatory Deed are set out in the paragraph headed “History and Corporate Structure — Parties acting in concert” in this listing document.

4. Ms. Leung is the spouse of Mr. CK Tsang and is deemed, or taken to be, interested in all our Shares held by Mr. CK Tsang for purposes of the SFO.

5. Mr. MP Tsang beneficially owns the entire issued share capital of Great Star and is deemed, or taken to be, interested in all our Shares held by Great Star for purposes of the SFO.

6. Ms. Wong is the spouse of Mr. MP Tsang and is deemed, or taken to be, interested in all our Shares held by Mr. MP Tsang for purposes of the SFO.

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

8. Ms. Chu is the spouse of Mr. Lai and is deemed, or taken to be, interested in all our Shares held by Mr. Lai for purposes of the SFO.

3. Related party transactions

Our Group entered into the related party transactions during the Track Record Period as mentioned in note 38 of the Accountants' Report set out in Appendix I to this listing document.

4. Disclaimers

Save as disclosed in this listing document:

(a) so far as our Directors are aware, none of our Directors or chief executive has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) immediately upon the Transfer of Listing and the options which may be granted under the Share Option Scheme are not exercised, which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she will be taken or deemed to have under the SFO) once our Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once our Shares are listed, or which will be required, pursuant to the Model Code relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange, once our Shares are listed;

(b) so far as our Directors are aware, none of our Directors and experts referred to under the paragraph headed "E. Other information — 7. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this listing document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors and experts referred to under the paragraph headed "E. Other information — 7. Qualifications of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this listing document which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service agreements with any member of our Group, excluding agreements which are determinable by the employer within one year without payment of compensation other than statutory compensation;

(e) taking no account of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person, not being a Director of our Company, who will, immediately upon the Transfer of Listing, be interested in or has short positions in the Shares or underlying shares of our Company which have to be notified to our Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO once the Shares are listed on the Main Board, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(f) none of the experts referred to under the paragraph headed "E. Other information — 7. Qualifications of experts" in this Appendix has any shareholding in any member of our Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) none of our Directors, their associates or any shareholder of our Company (which to the knowledge of our Directors owns more than 5% of our Company's issued share capital) has any interest in our five largest suppliers and five largest customers.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme (as amended and modified by the resolutions of our Board on 16 December 2019), which shall remain valid and effective following the Transfer of Listing and will be implemented in full compliance with Chapter 17 of the Main Board Listing Rules.

For the purpose of this section, unless the content otherwise requires:

"Allotment Date"	means the date on which the Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised under the Share Option Scheme;
"Board"	means our board of Directors or a duly authorised committee thereof;
"Eligible Participant"	means, among others, any director, employee (whether full-time or part-time), consultant, professional, customer, supplier, agent, partner or adviser of or contractor to our Group or a company in which our Group holds an interest or a subsidiary of such company;
"Exercise Period"	means in respect of any particular Option, the period to be determined and notified by our Board to each Grantee which our Board may in its absolute discretion determine, save that such period shall not be more than ten years from the commence date;
"Exercise Price"	means the exercise price for any Share under the Share Option Scheme determined by our Board;
"Grantee"	means any Eligible Participant who accepts the offer in accordance with the terms of the Share Option Scheme, and where the context permits, any person who is entitled to any such Option in consequence of the death of the original Grantee (being an individual) or the legal representative of such person;
"Option(s)"	means right(s) to subscribe for the Shares granted pursuant to the Share Option Scheme;
"Shareholders"	means the holder(s) of the Share(s) from time to time;
"Subsidiary"	means a subsidiary or subsidiaries (within the meaning of the Companies Ordinance or the Companies Law) for the time being and from time to time of our Company; and
"Trading Day"	means a day on which trading of Shares take place on the Stock Exchange.

(a) ***Purpose of the Share Option Scheme***

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that Eligible Participants have made or may make to our Group.

(b) ***Who may join***

On and subject to the terms of the Share Option Scheme and the Main Board Listing Rules, our Board shall be entitled to make an offer to any Eligible Participant as our Board may in its absolute discretion select. An offer shall be deemed to have been accepted when our Company receives the letter containing the offer duly signed by the Grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as our Board may determine) as consideration for the grant. The offer shall remain open for acceptance by the Eligible Participant for a period of not less than five business days from the date of the offer.

(c) ***Grant of Option***

Our Board shall not offer grant of an Option after inside information has come to our Company's knowledge or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the relevant requirements of the Main Board Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Main Board Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Main Board Listing Rules); (b) the deadline for our Company to publish an announcement of our results for any year, half-year, or quarter-year period under the Main Board Listing Rules or any other interim period (whether or not required under the Main Board Listing Rules), and ending on the date of the results announcement; or (c) during the period or times in which our Directors are prohibited from dealing in the Shares pursuant to the Main Board Listing Rules and its appendices or any corresponding code or securities dealing restrictions adopted by our Company. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement.

The total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the shares of our Company (or the Subsidiary) in issue. Where any grant of further Options to an Eligible Participant 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 12-month period up to and including the date of such further grant representing in aggregate over above this limit, such further grant shall be subject to the requirements (a) approval of our Shareholders at general meeting, with such Eligible Participant and his/

her associates abstaining from voting; (b) a circular in relation to the proposal for such further grant having been sent by our Company to our Shareholders with such information from time to time as required by the Main Board Listing Rules; and (c) the number and terms of the Options to be granted to such proposed Grantee shall be fixed before our Shareholders' approval mentioned in (a) above.

(d) ***Price of Shares***

The Exercise Price for any Share under the Share Option Scheme shall be a price determined by our Board and notified to each Grantee and shall be at least the higher of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option, which must be a Trading Day; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the relevant Option; and (iii) the nominal value of a Share on the date of grant.

(e) ***Maximum number of Shares***

(i) Subject to the sub-paragraphs (ii), (iii) and (iv) below, the maximum number of Shares which may be issued upon the exercise of all Options granted under the Share Option Scheme and any other schemes of our Group must not in aggregate exceed 10% of our Shares in issue as at the adoption date (i.e. 23 January 2018) (the "**Scheme Mandate Limit**") unless approved by our Shareholders pursuant to the sub-paragraph (iii) below. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 372,000,000 Shares in issue on the GEM Listing Date, the Scheme Mandate Limit shall be equivalent to 37,200,000 Shares, representing 10% of our Shares in issue as at the GEM Listing Date.

(ii) Subject to the sub-paragraphs (iii) and (iv) below, the Scheme Mandate Limit may be renewed by our Shareholders in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by our Shareholders in general meeting. Upon such renewal, all Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to our Shareholders containing such relevant information from time to time as required by the Main Board Listing Rules.

(iii) Subject to the sub-paragraph (iv) below, our Board may seek separate Shareholders' approval in general meeting to grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is sought and our Company must issue a circular to our Shareholders containing such relevant information from time to time as required by the Main Board Listing Rules.

(iv) The maximum 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 involving the issue or grant of Options or similar rights over our Shares or other securities by our Company must not, in aggregate, exceed 30% of the Shares in issue from time to time. Notwithstanding anything contrary to the terms of the Share Option Scheme, no Options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in the said 30% limit being exceeded.

(f) *Time of exercise of Option*

An Option may be exercised by the Grantee in accordance with the terms of the Share Option Scheme at any time during the period within which the Option must be exercised shall be determined by our Board to each Grantee which our Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date of the grant of Option. Our Board may at its discretion when offering the grant of an Option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the Share Option Scheme as it may think fit.

(g) *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 in favour of any third party over or in relation to any Option.

(h) *Rights on death*

Subject to the applicable laws and the terms of the Share Option Scheme, in the event of death of the Grantee (being an individual) before exercising the Option in full, his/her personal representatives may exercise the Option up to the Grantee's entitlement (to the extent exercisable as at the date of his/her death and not exercised) within the period of 12 months following the date of his/her death or such longer period as our Board may determine.

(i) ***Changes in capital structure***

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of the share capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of our Shares subject to the Options so far as unexercised, and/or the Exercise Price, and/or the method of exercise of the Options, and/or the maximum number of Shares referred to in the Share Option Scheme.

Any adjustments required under this paragraph must give a Grantee the same proportion of the equity capital as that to which that Grantee was previously entitled and shall be made on the basis that the aggregate Exercise Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that our Shares would be issued at less than their nominal value and, unless with the prior approval of our Shareholders in general meeting, no such adjustments may be made to the advantage of the Grantee. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial adviser appointed by our Company or the auditors of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Main Board Listing Rules and any further guidance/interpretation of the Main Board Listing Rules issued by the Stock Exchange from time to time.

(j) ***Rights on take-over***

If 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 our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in concert with the offeror) and such offer becomes or is declared unconditional, the Grantee shall be entitled to exercise his/her 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 anytime within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this paragraph, "acting in concert" shall have the meaning ascribed to it under the Takeovers Code as amended from time to time.

(k) ***Rights on a compromise or arrangement***

(i) In the event of a notice given by our Company to our Shareholders to convene a Shareholders' meeting for the purpose of considering and approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our Company's Share registers) prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's Share registers) 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.

(ii) In the event of a compromise or arrangement between our Company and our members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in the Main Board Listing Rules), our Company shall give notice thereof to all Grantee on the same date as it gives notice of the meeting to our members or creditors to consider such a scheme of arrangement, and thereupon the Grantee may, by notice in writing to our Company accompanied by the remittance for the total Exercise Price payable in respect of the exercise of the relevant Option (such notice to be received by our Company not later than two business days (excluding any period(s) of closure of our Company's Share registers) prior to the proposed meeting) exercise the Option (to the extent exercisable as at the date of the notice to the Grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's Share registers) 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 registered the Grantee as holder thereof.

(l) ***Lapse of Option***

An Option (to the extent that such Option has not already been exercised) shall lapse and not be exercisable at the earliest of:

(i) the expiry of the Exercise Period;

(ii) the expiry of any of the periods referred to in the Share Option Scheme;

(iii) subject to paragraph (k)(i), the date of commencement of the winding-up of our Company;

(iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (k)(ii);

(v) in the event that the Grantee was an employee or director of any member of our Group on the date of grant of Option to him/her, the date on which such member of our Group terminates the Grantee's employment or removes the Grantee from his/her office on the ground that the Grantee has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;

(vi) the happening of any of the following events, unless otherwise waived by our Board:

(1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Grantee (being a corporation);

(2) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within a meaning of section 178 of Companies (Winding Up and Miscellaneous Provisions) Ordinance or any similar provisions under the Companies Law) or otherwise become insolvent;

(3) there is unsatisfied judgment, order or award outstanding against the Grantee or our Company has reason to believe that the Grantee is unable to pay or has no reasonable prospect of being able to pay his/her/its debts;

(4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of type mentioned in sub-paragraphs (1), (2) and (3) above;

(5) a bankruptcy order has been made against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction; or

(6) a petition for bankruptcy has been presented against the Grantee or any director of the Grantee (being a corporation) in any jurisdiction;

(vii) the date on which a situation as contemplated under paragraph (g) arises;

(viii) the date on which the Grantee commits any breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by our Board; or

(ix) the date on which our Board resolves that the Grantee has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed pursuant to the terms of the Share Option Scheme.

(m) ***Ranking of Shares***

The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of our Memorandum and Articles of Association in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holder to participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date. Any Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered into the register of members of our Company as the holder thereof.

(n) ***Cancellation of Options granted***

Our Board may cancel any Options granted at any time if the Grantee so approved in writing 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 but unissued Shares in the authorised share capital of our Company, and available ungranted Options (excluding for this purpose all cancelled Options) within the Scheme Mandate Limit.

(o) ***Period of Share Option Scheme***

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the GEM Listing Date, after which no further Options will be issued but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provision of the Share Option Scheme.

(p) ***Alteration to and termination of Share Option Scheme***

The Share Option Scheme may be altered in any respect by resolution of our Board except those specific provisions relating to matters set out in Rule 17.03 of the Main Board Listing Rules (or any other relevant provisions of the Main Board Listing Rules from time to time applicable) which cannot be altered to the advantage of the Grantees or prospective Grantees except with the prior approval of our Shareholders in general meeting. No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the Grantee as would be required by our Shareholders under our Memorandum and Articles of Association for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature must be approved by our Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company by ordinary resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event, no further Options will be offered but the provisions of the Share Option Scheme shall remain in full force in all other respects. Options complying with the provisions of the Main Board Listing Rules which are granted 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 Scheme. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to our Shareholders seeking approval for the first new scheme to be established after such termination.

(q) ***Granting of Options to a director, chief executive or substantial shareholder of our Company or any of their respective associates***

Without prejudice to the terms of the Share Option Scheme, any grant of Options to any director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by our independent non-executive Directors (but excluding, for all purposes, any independent non-executive Director who is the proposed Grantee).

Where any grant of Options to our substantial Shareholder or independent non-executive Director or any of their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the Options granted and to be granted (including Options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of such 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 further grant of Options must be approved by our Shareholders on a poll in a general meeting where the Grantee, his/her associates and all core connected persons of our Company must abstain from voting (except where such core connected person(s) intends to vote against the proposed grant of Option and his/her intention to do so has been stated in the circular to be sent to our Shareholders). Our Company will send a circular to our Shareholders containing the information required under the Main Board Listing Rules.

The circular must contain:

(i) details of the number and terms (including the Exercise Price) of the Options to be granted to each Eligible Participant, which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Exercise Price;

(ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee) to our independent Shareholders as to voting; and

(iii) all the information as required by the Main Board Listing Rules from time to time.

For the avoidance of doubt, the requirements for the granting of Options to our Director or chief executive set out in this paragraph (q) do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of our Company.

(r) ***Conditions of Share Option Scheme***

The Share Option Scheme took effect upon the passing of our then Shareholders' resolution on 23 January 2018 to adopt the Share Option Scheme and is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in any Shares to be issued and allotted by our Company pursuant to the exercise of Options in accordance with the terms and conditions of the Share Option Scheme and the commencement of dealing in the Shares on GEM of the Stock Exchange.

The aforesaid conditions have been fulfilled.

(s) ***Present status of the Share Option Scheme***

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme. A total number of 37,200,000 shares, representing 10% of the share capital of our Company in issue as at the GEM Listing Date, may fall to be issued upon exercise of the share options that may be but not yet have been granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders (collectively, the "**Indemnifiers**") has entered into the Deed of Indemnity on 23 January 2018 (being a material contract referred to in "B. Further information about the business of our Group — 1. Summary of material contracts — (b) the Deed of Indemnity" to this Appendix) with and in favour of our Company (for itself and as trustee for each of its subsidiaries) as amended by the Supplemental Deed of Indemnity dated 16 December 2019. The terms of the Deed of Indemnity (as amended) are to provide indemnities on a joint and several basis in respect of, among others:

(a) all or any depletion or reduction in the value of its assets, or increase in the liabilities in connection with any taxation and taxation claim or loss or deprivation of any relief from taxation in whatever part of the world together with all costs (including all legal costs), expenses, losses, damages, all interests, penalties or other liabilities which any of the members of our Group may properly and reasonably incur which might be payable by any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or up to the date of Transfer of Listing or arising from the reorganisation of our Group on or before the date of Transfer of Listing whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation or taxation claim is chargeable against or attributable to any other person, firm or company, save to the extent that:

(i) full provision or reserve has been made for such taxation in the audited accounts of our Group for the period from 1 April 2015 to 31 July 2019 and to the extent that such taxation is incurred or accrued since 1 August 2019 which arises in the ordinary course of the business of our Group;

(ii) such taxation or taxation claim falls on any member of our Group in respect of the accounting period commencing on or after 1 August 2019 unless such taxation or liability would not have arisen but for some act or omission of, or delay by, or transactions voluntarily effected by, the Indemnifiers, any member of our Group (whether alone or in conjunction with some other act, omission, delay or transaction, whenever occurring) otherwise than in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets, before the date of Transfer of Listing;

(iii) such taxation claim or liability for such taxation would not have arisen but for a voluntary act or transaction carried out or effected (other than pursuant to a legally binding commitment created on or before the date of Transfer of Listing) by the relevant member of our Group after the date of Transfer of Listing without the prior written consent or agreement of the Indemnifiers otherwise than in the ordinary course of business;

(iv) such taxation claim or liability for such taxation arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations, or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong, or the Cayman Islands, or any other part of the world) coming into force after the GEM Listing Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the GEM Listing Date with retrospective effect; or

(v) any provisions or reserve made for taxation in the audited accounts of our Group up to 31 July 2019 and which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to the paragraph (iv) above to reduce the Indemnifiers' liability (if any) in respect of taxation shall not be available in respect of any such liability arising thereafter; and

(b) any damages, liabilities, claims, losses including loss of profits or benefits incurred or suffered by any member of our Group directly or indirectly arising from or in connection with any possible or alleged violation or non-compliance with the applicable laws, rules or regulations of Hong Kong, the Cayman Islands, or of any part of the world, on all matters on or before the date of Transfer of Listing, including but not limited to the non-compliance incidents; or all actions, claims, demands, proceedings, costs and expenses, damages, losses and liabilities whatsoever which may be made, suffered or incurred by our Group in respect of or arising directly or indirectly from or on the basis of or in connection with any litigation, arbitration, claim and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature instituted or threatened against our Group and/or any act, non-performance, omission or otherwise of our Group accrued or arising on or before the date of Transfer of Listing.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries.

2. Litigation

Save as disclosed in the paragraph headed "Business — Litigation and claims" in this listing document, neither our Company nor any of its subsidiaries is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened by or against our Company or any of its subsidiaries, that would have a material adverse effect on our results of operations or financial condition.

3. Sole Sponsor

Our Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing on the Main Board of, and permission to deal in, our Shares in issue as mentioned in this listing document, including any options which may be granted under the Share Option Scheme. The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Main Board Listing Rules.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, we have appointed Innovax Capital Limited as compliance adviser for the purpose of Listing on GEM to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the GEM Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the GEM Listing Date or until the agreement is terminated, whichever is the earlier.

Pursuant to Rule 9A.13 of the Main Board Listing Rules, the continuous requirements relating to the appointment of a compliance adviser for the period specified in Rule 6A.19 of the GEM Listing Rules will survive in respect of our Company's Transfer of Listing. As the Transfer of Listing takes effect before the expiry of the requirement under Rule 6A.19 of the GEM Listing Rules, this GEM Listing Rules requirement will continue for the remaining term notwithstanding that our Shares have been transferred to and listed on the Main Board.

5. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company were approximately US$4,300 and were paid by our Company.

6. Promoter

Our Company has no promoter for the purpose of the Main Board Listing Rules.

7. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this listing document are as follows:

Name	Qualification
Ample Capital Limited	A corporation licenced to carry out licensed corporation under the SFO to engage in type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
Deloitte Touche Tohmatsu	Certified Public Accountants
Appleby	Legal advisers to our Company as to Cayman Islands law
Ms. Kennis Tai	Barrister-at-law in Hong Kong
Frost & Sullivan Limited	Industry consultant

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn her/its written consent to the issue of this listing document with the inclusion of its reports, letters, opinions or summaries thereof (as the case may be) and the references to its name included in this listing document in the form and context in which it respectively appears.

9. Sole Sponsor's fees

Our Sole Sponsor will be paid by our Company a total fee of HK$5.5 million to act as sponsor to our Company in connection with the Transfer of Listing.

10. Share Registrars

The register of members of our Company is maintained in the Cayman Islands by Estera Trust (Cayman) Limited and a branch register of members of our Company is maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to the Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

11. No material adverse change

Our Directors confirm that there has been no material adverse change in our financial prospects of our Company or its subsidiaries since 31 July 2019 (being the date to which the latest audited financial statements of our Company were made up).

12. Miscellaneous

Save as disclosed in this listing document:

(a) within the two years immediately preceding the date of this listing document:

(i) no share or loan capital of our Company or any of its subsidiaries has been issued, agreed to be issued or is proposed 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 have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and

(iv) no founder, management or deferred shares of our Company or any of its subsidiaries has been issued or agreed to be issued.

(b) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) all necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

(d) there has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this listing document.

(e) none of the Sole Sponsor and the experts named in "E. Other information — 7. Qualifications of Experts" in this Appendix:

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

(f) no company within our Group is presently listed on any stock exchange or traded on any trading system.

(g) our Company has no outstanding convertible debt securities.

(h) there are no arrangements under which future dividends are waived or agreed to be waived.

13. Taxation of holders of Shares

(a) *Hong Kong*

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

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.

(c) *Consultation with professional advisers*

Holders of our Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Transfer of Listing accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Share.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Hastings & Co. of 5/F, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this listing document:

1. the Memorandum and the Articles of Association;

2. the accountants' report of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this listing document;

3. the annual reports of our Company for the two years ended 31 March 2019;

4. the report received from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this listing document;

5. the legal opinion prepared by Appleby summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this listing document;

6. the Companies Law;

7. the material contracts referred to in the paragraph headed "B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix IV to this listing document;

8. the written consents referred to in the paragraph headed "E. Other information — 8. Consents of experts" in Appendix IV to this listing document;

9. the rules of the Share Option Scheme;

10. the F&S Report;

11. the legal opinion prepared by our Legal Counsel;

12. the service agreements and the letters of engagement referred to in the paragraph headed "C. Further information about our directors and substantial shareholders — 1. Directors — (b) Particulars of service contracts" in Appendix IV to this listing document; and

13. the circular of our Company dated 28 June 2019 in relation to the general mandates to issue and repurchase Shares.

GAIN PLUS HOLDINGS LIMITED
德益控股有限公司