

## APPENDIX I

## ACCOUNTANT’S REPORT

*The following is the text of a report received from our reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, for the purpose of incorporation in this [REDACTED].*

[Date]

*The Directors*

**Yat Sing Holdings Limited**

**TC Capital Asia Limited**

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Yat Sing Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 30 June 2014 (the “Track Record Period”) for inclusion in the [REDACTED] of the Company dated [●] (the “[REDACTED]”) in connection with the initial listing of shares of the Company (“Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 17 September 2014. Pursuant to a group reorganisation (the “Reorganisation”) as detailed in the section headed “Corporate reorganisation” in Appendix IV to the [REDACTED], the Company became the holding company of the Group on [●].

As of the end of the respective reporting period and the date of this report, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of Company	Place and date of incorporation/operation	Issued and fully paid share capital at the date of this report	Percentage of equity interest attributable to the Group as at			Principal activities
			30 June 2012	30 June 2013	30 June 2014	Date of this report
ABO Group Limited (“ABO”)	British Virgin Islands (“BVI”) 7 September 2006	Ordinary shares – United States dollars (“US\$”) 89,600	100%	100%	100%	100%
						Investment holding

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Name of Company	Place and date of incorporation/operation	Issued and fully paid share capital at the date of this report	Percentage of equity interest attributable to the Group as at				Principal activities
			30 June 2012	30 June 2013	30 June 2014	Date of this report	
Sing Fat Construction Company Limited (“Sing Fat Construction”)	Hong Kong 18 February 1960	Ordinary shares – Hong Kong dollars (“HK\$”) 9,000,000	99.56%	99.56%	99.56%	99.56%	Provision of building maintenance and renovation services

ABO and Sing Fat Construction are directly and indirectly held by the Company respectively.

All companies now comprising the Group have adopted 30 June as the financial year end date.

The statutory financial statements of Sing Fat Construction were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and were audited by Poon & Co. for the year ended 30 June 2012 and by SHINEWING (HK) CPA Limited for the year ended 30 June 2013. The statutory financial statements of Sing Fat Construction for the year ended 30 June 2014 have not been available as of the date of this report.

No audited statutory financial statements have been prepared for the Company and ABO since their respective dates of incorporation as they were incorporated in jurisdictions where there is no statutory audit requirement. They have not carried on any business other than investment holding.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period in accordance with HKFRSs issued by the HKICPA (the “Underlying Financial Statements”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the Underlying Financial Statements and carried out such additional audit procedures which we consider necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period as set out in this report has been prepared by the directors of the Company from the Underlying Financial Statements on the basis set out in note 1 of Section A of the Financial Information. No adjustments are considered necessary by us to adjust the Underlying Financial Statements in the preparation of this report for inclusion in the [REDACTED].

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The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issuance. The directors of the Company are also responsible for the contents of the [REDACTED] in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of preparation set out in note 1 of section A of the Financial Information, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 30 June 2012, 2013 and 2014, and of the combined results and combined cash flows for the Group for the Track Record Period.

### A. FINANCIAL INFORMATION

#### COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 30 June		
		2012	2013	2014
		HK\$'000	HK\$'000	HK\$'000
Turnover	7	602,641	601,426	600,392
Cost of services		<u>(566,989)</u>	<u>(555,507)</u>	<u>(544,629)</u>
Gross profit		35,652	45,919	55,763
Other income	8	5,351	24	14,194
Administrative expenses		(16,332)	(16,948)	(15,898)
Finance costs	9	<u>(1,280)</u>	<u>(1,016)</u>	<u>(820)</u>
Profit before taxation		23,391	27,979	53,239
Taxation	10	<u>(3,216)</u>	<u>(4,643)</u>	<u>(7,060)</u>
Profit and total comprehensive income for the year	11	<u>20,175</u>	<u>23,336</u>	<u>46,179</u>
Profit and total comprehensive income attributable to:				
Owners of the Company		20,086	23,234	45,976
Non-controlling interests		<u>89</u>	<u>102</u>	<u>203</u>
		<u>20,175</u>	<u>23,336</u>	<u>46,179</u>
Earnings per share				
Basic and diluted	15	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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### COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	2012 HK\$'000	At 30 June 2013 HK\$'000	2014 HK\$'000
Non-current assets				
Property, plant and equipment	16	12,746	13,430	3,184
Investment property	17	–	–	–
Available-for-sale investments	18	1,974	1,974	1,974
		<u>14,720</u>	<u>15,404</u>	<u>5,158</u>
Current assets				
Amounts due from customers for contract work	19	5,205	–	–
Trade and other receivables	20	256,222	299,660	259,575
Amounts due from related companies	21	64,250	75,698	–
Pledged bank deposits	22	5,000	5,005	5,006
Bank balances and cash	22	19,307	7,430	66,808
		<u>349,984</u>	<u>387,793</u>	<u>331,389</u>
Current liabilities				
Trade and other payables	23	163,425	173,358	156,881
Amounts due to directors	24	2,260	5,790	140
Amount due to a related party	24	2,000	2,000	–
Bank borrowings	25	19,477	18,923	12,646
Obligations under finance leases				
– due within one year	26	1,090	1,722	831
Tax payable		4,837	7,007	9,164
Secured bank overdrafts	25	–	1,053	–
		<u>193,089</u>	<u>209,853</u>	<u>179,662</u>
Net current assets		<u>156,895</u>	<u>177,940</u>	<u>151,727</u>
Total assets less current liabilities		<u>171,615</u>	<u>193,344</u>	<u>156,885</u>
Non-current liabilities				
Obligations under finance leases – due after one year	26	627	409	495
Long service payment obligations	27	319	334	218
Deferred tax liabilities	28	570	516	258
		<u>1,516</u>	<u>1,259</u>	<u>971</u>
Net assets		<u>170,099</u>	<u>192,085</u>	<u>155,914</u>
Capital and reserves				
Share capital	29	9,310	9,310	9,310
Reserves		<u>160,041</u>	<u>181,931</u>	<u>145,923</u>
Equity attributable to owners of the Company		169,351	191,241	155,233
Non-controlling interests		<u>748</u>	<u>844</u>	<u>681</u>
Total equity		<u>170,099</u>	<u>192,085</u>	<u>155,914</u>

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### COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company			Non-controlling	
	Share capital	Retained profits	Total	interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2011	9,310	141,299	150,609	665	151,274
Profit and total comprehensive income for the year	–	20,086	20,086	89	20,175
Dividend recognised as distribution (note 14)	–	(1,344)	(1,344)	(6)	(1,350)
At 30 June 2012 and 1 July 2012	9,310	160,041	169,351	748	170,099
Profit and total comprehensive income for the year	–	23,234	23,234	102	23,336
Dividend recognised as distribution (note 14)	–	(1,344)	(1,344)	(6)	(1,350)
At 30 June 2013 and 1 July 2013	9,310	181,931	191,241	844	192,085
Profit and total comprehensive income for the year	–	45,976	45,976	203	46,179
Dividend recognised as distribution (note 14)	–	(81,984)	(81,984)	(366)	(82,350)
At 30 June 2014	<u>9,310</u>	<u>145,923</u>	<u>155,233</u>	<u>681</u>	<u>155,914</u>

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### COMBINED STATEMENTS OF CASH FLOWS

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
OPERATING ACTIVITIES			
Profit before taxation	23,391	27,979	53,239
Adjustments for:			
Bank interest income	(3)	(5)	(46)
Cost related to (reversal of) long service payments	182	15	(116)
Finance costs	1,280	1,016	820
Gain on disposal of investment property	(5,276)	–	–
Gain on disposal of property, plant and equipment	(42)	(15)	(14,026)
Write-back of unclaimed dividends included in other payable	(4)	(4)	(6)
Depreciation of property, plant and equipment	<u>947</u>	<u>1,294</u>	<u>947</u>
Operating cash flows before movements in working capital	20,475	30,280	40,812
(Increase) decrease in amount due from contract customers	(5,205)	5,205	–
(Increase) decrease in trade and other receivables	(32,793)	(43,438)	40,085
Increase (decrease) in trade and other payables	<u>15,586</u>	<u>9,931</u>	<u>(17,380)</u>
Cash (used in) generated from operations	(1,937)	1,978	63,517
Hong Kong Profits Tax paid	<u>(2,025)</u>	<u>(2,527)</u>	<u>(5,161)</u>
NET CASH (USED IN) FROM OPERATING ACTIVITIES	<u>(3,962)</u>	<u>(549)</u>	<u>58,356</u>

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### COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(18)	(142)	(17)
Proceeds from disposal of an investment property	9,100	–	–
Proceeds from disposal of property, plant and equipment	609	612	24,259
Interest received	3	5	46
Repayment from a related company	–	–	785
Advance to related companies	(11,200)	(11,448)	(5,184)
Placement of pledged bank deposits	<u>(5,000)</u>	<u>(5)</u>	<u>(1)</u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(6,506)</u>	<u>(10,978)</u>	<u>19,888</u>
FINANCING ACTIVITIES			
Repayment of bank borrowings	(15,398)	(10,554)	(24,037)
New bank borrowings raised	4,020	10,000	17,760
Interest paid	(1,280)	(1,016)	(820)
Advances from directors	2,260	3,530	–
Advance from a related party	1,970	–	–
Repayment of obligations under finance lease	(1,276)	(2,019)	(1,722)
Dividend paid	(1,344)	(1,344)	(1,344)
Repayment to directors	–	–	(5,650)
Repayment to a related party	<u>–</u>	<u>–</u>	<u>(2,000)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(11,048)</u>	<u>(1,403)</u>	<u>(17,813)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(21,516)	(12,930)	60,431
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>40,823</u>	<u>19,307</u>	<u>6,377</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>19,307</u>	<u>6,377</u>	<u>66,808</u>
COMPONENTS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash	19,307	7,430	66,808
Secured bank overdrafts	<u>–</u>	<u>(1,053)</u>	<u>–</u>
	<u>19,307</u>	<u>6,377</u>	<u>66,808</u>

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### NOTES TO THE FINANCIAL INFORMATION

#### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 17 September 2014. Its ultimate holding company and immediate holding company is Profound Union Limited, incorporated in the BVI. The registered office of the Company is located at Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands, and its principal place of business is located at 23/F, China United Plaza, 1008 Tai Nan West Street, Kowloon, Hong Kong. The Company is an investment holding company.

Prior to the Reorganisation, the provision of (a) building maintenance services and (b) renovation services were carried out by Sing Fat Construction. To rationalise the corporate structure in preparation for the Listing on the Main Board of the Stock Exchange, the Company was incorporated in the Cayman Islands on 17 September 2014 and the Group underwent the Reorganisation, as detailed in the paragraph headed “Corporate reorganisation” in Appendix IV to the [REDACTED]. Upon completion of the Reorganisation, the Company became the holding company of Sing Fat Construction on [●]. The companies that took part in the Reorganisation were controlled by the same ultimate equity shareholders, including Mr. Liu Su Ke, Mr. Chan Lo Kin, Mr. Kan Man Hoo, Mr. Kan Yiu Keung, Mr. Kan Yiu Kwok, Mr. Lai Kwan Hin, Mr. Liu Winson Wing Sun and Mr. Yau Shik Fan, Eddy (collectively referred to as “the Controlling Shareholders”) during the Track Record Period or since their respective date of incorporation or establishment up to 30 June 2014 where this is a shorter period.

As there was no change in the Controlling Shareholders before and after the Reorganisation, the Financial Information relating to the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Track Record Period includes the results of operations and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged throughout the Track Record Period or since their respective dates of incorporation or establishment where this is a shorter period. The combined statements of financial position of the Group as at 30 June 2012, 2013 and 2014 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation. All material intra-group transactions and balances have been eliminated on combination.

The Financial Information is presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and its subsidiaries.

#### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has adopted and consistently applied all of the new and revised HKFRSs, Hong Kong Accounting Standards (“HKAS”), amendments and interpretations issued by the HKICPA which are effective for the Group’s financial year beginning on 1 July 2013 throughout the Track Record Period.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>2</sup>
HKFRS 9 (2014)	Financial Instruments <sup>5</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>3</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>4</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>



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Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>3</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>3</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC*) – Interpretations 21	Levies <sup>1</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
- <sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted.
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

\* IFRIC represents the International Financial Reporting Interpretations Committee.

### Annual Improvements to HKFRSs 2010 – 2012 Cycle

The Annual Improvements to HKFRSs 2010 – 2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of ‘vesting condition’ and ‘market condition’; and (ii) add definitions for ‘performance condition’ and ‘service condition’ which were previously included within the definition of ‘vesting condition’. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’; and (ii) clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation / amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

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The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010 – 2012 Cycle will have a material effect on the Group’s combined financial statements.

### Annual Improvements to HKFRSs 2011 – 2013 Cycle

The Annual Improvements to HKFRSs 2011 – 2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of HKAS 40; and
- (b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011 – 2013 Cycle will have a material effect on the Group’s combined financial statements.

### HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in September 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive

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income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- 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 new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group undertakes a detailed review.

### HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenario. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s combined financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

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### **Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities**

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group’s combined financial statements as the Company is not an investment entity.

### **Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions**

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees’ periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees’ periods of service.

The directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a significant impact on the Group’s combined financial statements as the employees are not required to make contributions in respect of the Group’s long service payment obligation, which is accounted for in accordance with HKAS 19.

### **Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities**

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realisation and settlement’.

The directors of the Company do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group’s combined financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Financial Information of the Group.

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) (the “Companies Ordinance”) come into operation as from the Group’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of the Companies Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on

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the combined financial statements in the period of initial application of Part 9 of the Companies Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the combined financial statements.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Listing Rules and by the Companies Ordinance, which for the Financial Information continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Companies Ordinance, “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to the Companies Ordinance.

The Financial Information has been prepared on the historical cost basis. 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 these Financial Information are determined on such a basis, except for share-based payments transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

The principal accounting policies are set out below.

#### Basis of combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where 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 Company 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 Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the combined statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where 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 combination.

### **Merger accounting for business combination involving entities under common control**

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Controlling Shareholders.

The net assets of the combining entities or businesses are combined using the existing book values from the Controlling Shareholders’ perspective. No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Controlling Shareholders’ interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from building maintenance and renovation services are recognised when services are provided.

The Group’s policy for recognition of revenue from construction services is described in the accounting policy headed “Construction contracts” below.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

### **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 the reporting period, as measured by reference to the percentage of surveys of work performed for individual contract up to the reporting date. Variations in contract work, claims and incentive payments 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.

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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 combined statements of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the combined statements of financial position under trade and other receivables.

### **Leasing**

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 combined 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.

#### ***Leasehold land and building***

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating lease in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **Retirement benefits cost and termination benefits**

Payments to the Mandatory Provident Fund Scheme (“MPF Scheme”) are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group’s net obligations in respect of long service payment to its employees on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method, discounted to its present value and reduced by entitlements accrued under the Group’s retirement plans that are attributed to contributions made by the Group.



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### **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 combined 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. The Group’s liability 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 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. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax 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 rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets 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.

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 is also recognised in other comprehensive income or directly in equity respectively.

### **Property, plant and equipment**

Property, plant and equipment, including land and buildings held for administrative purposes are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight line method for land and building and using diminishing balance method for the other property, plant and equipment. The estimated useful lives 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.

An item of property, 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 property, 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.

### **Investment property**

Investment property is property held to earn rentals and/or for capital appreciation.



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Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment property over the estimated useful lives using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

### **Cash and cash equivalents**

Bank balances and cash in the combined statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the combined statements of cash flows, cash and cash equivalents consist of bank balances and cash as defined above, net of outstanding secured bank overdrafts.

### **Impairment on tangible assets**

At the end of the 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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units (CGUs), or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. 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 value of the financial assets or financial liabilities, as appropriate, on initial recognition.

### ***Financial assets***

The Group’s financial assets are classified as loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and

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derecognised on a trade 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 marketplace.

### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate.

### *Available-for-sale financial asset*

Available-for-sale financial asset is non-derivative that is either designated as available-for-sale or is not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

### *Impairment loss on financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- 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; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, 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 of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### *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 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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

#### *Other financial liabilities*

Other financial liabilities including trade and other payables, amounts due to directors, amount due to a related party, bank borrowings and overdraft and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

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### *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 and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group’s accounting policies, which are described in note 3, the directors of the Company are 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 ongoing 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.

#### **Critical judgements in applying the Group’s accounting policies**

The followings are the critical judgements, apart from those involving estimations (see below) that the directors of the Company have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

#### ***Contingent liabilities in respect of litigation claims***

Contingent liabilities arising from litigation claims have been assessed by the management with reference to legal advice and historical records. The directors of the Company consider that no provision for the contingent liabilities in respect of the litigation is necessary after due consideration of each case and with reference to legal advice and historical records.

#### **Key sources of estimation uncertainty**

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### ***Revenue recognition***

For some contracts, income is recognised based on management’s estimation of the value of each works order. Thereafter, customers would undertake detailed assessment of all completed works orders before finalisation of the contracts which normally last for three years. During the assessment process, the actual value of completed works orders assessed by the customers may be higher or lower than the estimates and this will affect the Group’s revenue recognised.

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### *Depreciation of property, plant and equipment*

Land and building is depreciated on a straight-line basis over its estimated useful life whereas all other plant and equipments are depreciated using diminishing method. The determination of the depreciation methods and rates involves management’s estimation. The Group assesses annually the depreciation methods and rates of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

### *Estimated impairment of property, plant and equipment*

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations if there is indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. As at 30 June 2012, 2013 and 2014, the directors of the Company considered that there is no impairment indication and the carrying values of property, plant and equipment are approximately HK\$12,746,000, HK\$13,430,000, and HK\$3,184,000 respectively.

### *Estimated impairment of trade and other receivables*

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer’s current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that has been identified. Credit losses have historically been within the Group’s expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. During the Track Record Period, no impairment loss on trade and other receivables is made. As at 30 June 2012, 2013 and 2014, the carrying value of trade and other receivables are approximately HK\$256,222,000, HK\$299,660,000, and HK\$259,575,000 respectively.

## 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged for the Track Record Period.

The capital structure of the Group consists of bank borrowings and secured bank overdrafts disclosed in note 25, obligations under finance leases disclosed in note 26, pledged bank deposits and bank balances and cash disclosed in note 22, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and risks associated thereto. The Group will balance its overall capital structure through the payment of dividends, new share issues and the issue or redemption of borrowings.

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### 6. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Financial assets			
Available-for-sale financial assets	1,974	1,974	1,974
Loans and receivables (including pledged bank deposits and bank balances and cash)	<u>327,338</u>	<u>365,313</u>	<u>314,656</u>
Other financial liabilities			
At amortised cost	<u>188,810</u>	<u>196,684</u>	<u>170,422</u>

#### Financial risk management objectives and policies

The Group’s major financial assets and liabilities include trade and other receivables, amounts due from related companies, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to directors, amount due to a related party, bank borrowings, obligations under finance leases and secured bank overdrafts. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, interest rate 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*

The Group’s maximum exposure to credit risk in the event of the counterparties’ failure to perform their obligations as at 30 June 2012, 2013 and 2014 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the combined statements of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables regularly at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group’s credit risk is significantly reduced.

Management considers the credit risk attributable to the amounts due from related parties to be insignificant as full settlement has been received from the related parties subsequently.

As at 30 June 2012, 2013 and 2014, the Group has concentration of credit risk as 68%, 67% and 57% of the total trade receivables was due from the Group’s largest customer while 97%, 98% and 95% of the total trade receivables was due from the Group’s five largest customers respectively.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

#### *Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances, bank borrowings and secured bank overdrafts and is also exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and obligations under finance leases. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

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The Group’s cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate and Prime Rate arising from the Group’s HK\$ denominated borrowings and overdrafts. However, the directors of the Company consider that the Group’s exposure to interest rate risk is minimal as there is insignificant fluctuation on Hong Kong Interbank Offered Rate and Prime Rate.

### *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. In addition, the Group relies on bank borrowings as a significant source of liquidity and the management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

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.

Specifically, borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The table includes principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

<b>Liquidity table</b>	<i>Weighted average interest rate %</i>	<b>On demand or within 1 year HK\$’000</b>	<b>1-5 years HK\$’000</b>	<b>Total contractual undiscounted cash flow HK\$’000</b>	<b>Carrying amount HK\$’000</b>
<b>At 30 June 2012</b>					
Trade and other payables	–	163,356	–	163,356	163,356
Amounts due to directors	–	2,260	–	2,260	2,260
Amount due to a related party	–	2,000	–	2,000	2,000
Bank borrowings ( <i>Note a</i> )	4.74	20,443	–	20,443	19,477
Obligations under finance leases	2.10	1,135	636	1,771	1,717
		<u>189,194</u>	<u>636</u>	<u>189,830</u>	<u>188,810</u>
<b>At 30 June 2013</b>					
Trade and other payables	–	166,787	–	166,787	166,787
Amounts due to directors	–	5,790	–	5,790	5,790
Amount due to a related party	–	2,000	–	2,000	2,000
Bank borrowings ( <i>Note b</i> )	4.31	19,663	–	19,663	18,923
Secured bank overdrafts	6.00	1,111	–	1,111	1,053
Obligations under finance leases	1.71	1,759	412	2,171	2,131
		<u>197,110</u>	<u>412</u>	<u>197,522</u>	<u>196,684</u>
<b>At 30 June 2014</b>					
Trade and other payables	–	156,310	–	156,310	156,310
Amounts due to directors	–	140	–	140	140
Bank borrowings ( <i>Note c</i> )	3.22	13,087	–	13,087	12,646
Obligation under finance lease	1.26	853	499	1,352	1,326
		<u>170,390</u>	<u>499</u>	<u>170,889</u>	<u>170,422</u>

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### Notes:

- (a) Borrowings with a repayment on demand clause are included in the ‘on demand or within 1 year’ time band in the above maturity analysis. As at 30 June 2012, the aggregate undiscounted principal amounts of these borrowings amounted to approximately HK\$9,749,000. Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such borrowings in amounts of approximately HK\$8,956,000 and approximately HK\$793,000 will be repaid one year and within 2-5 years, respectively after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK\$10,015,000.
- (b) Borrowings with a repayment on demand clause are included in the ‘on demand or within 1 year’ time band in the above maturity analysis. As at 30 June 2013, the aggregate undiscounted principal amounts of these borrowings amounted to approximately HK\$4,828,000. Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such borrowings in amounts of approximately HK\$1,980,000 and approximately HK\$2,848,000 will be repaid one year and within 2-5 years, respectively after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK\$5,105,000.
- (c) Borrowings with a repayment on demand clause are included in the ‘on demand or within 1 year’ time band in the above maturity analysis. As at 30 June 2014, the aggregate undiscounted principal amounts of these borrowings amounted to approximately HK\$4,386,000. Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such borrowings in amounts of approximately HK\$2,772,000 and approximately HK\$1,614,000 will be repaid one year and within 2-5 years, respectively after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK\$4,530,000.
- (d) The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

### *Fair value measurement objective and policies*

The directors of the Company consider that the carrying amounts of current portion of financial assets and financial liabilities recorded at amortised cost in the Financial Information not materially differ from their fair values due to their immediate or short-term maturities. The fair value of non-current portion of finance lease equals its carrying amount, as the impact of discounting is not significant.

## 7. TURNOVER AND SEGMENT INFORMATION

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Revenue from building maintenance services	415,248	414,026	401,910
Revenue from renovation services	187,393	187,400	198,482
	<u>602,641</u>	<u>601,426</u>	<u>600,392</u>



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The directors of the Company are identified as the chief operating decision maker (the “CODM”) of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group’s operating and reportable segments are as follows:

- (1) Building maintenance; and
- (2) Renovation.

### Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segment:

#### *For the year ended 30 June 2012*

	<b>Building maintenance</b> <i>HK\$'000</i>	<b>Renovation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Segment revenue	<u>415,248</u>	<u>187,393</u>	<u>602,641</u>
Segment profit	<u>31,155</u>	<u>4,539</u>	35,694
Unallocated corporate income			5,309
Central administration costs			(16,332)
Finance costs			<u>(1,280)</u>
Profit before taxation			<u>23,391</u>

#### *For the year ended 30 June 2013*

	<b>Building maintenance</b> <i>HK\$'000</i>	<b>Renovation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Segment revenue	<u>414,026</u>	<u>187,400</u>	<u>601,426</u>
Segment profit	<u>39,282</u>	<u>6,652</u>	45,934
Unallocated corporate income			9
Central administration costs			(16,948)
Finance costs			<u>(1,016)</u>
Profit before taxation			<u>27,979</u>

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*For the year ended 30 June 2014*

	<b>Building maintenance</b> <i>HK\$'000</i>	<b>Renovation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Segment revenue	<u>401,910</u>	<u>198,482</u>	<u>600,392</u>
Segment profit	<u>46,031</u>	<u>9,669</u>	55,700
Unallocated corporate income			14,257
Central administration costs			(15,898)
Finance costs			<u>(820)</u>
Profit before taxation			<u>53,239</u>

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### Segment assets and liabilities

The following is an analysis of the Group’s assets and liabilities by reportable and operating segment:

	<b>2012</b> <i>HK\$'000</i>	<b>At 30 June 2013</b> <i>HK\$'000</i>	<b>2014</b> <i>HK\$'000</i>
<b>Segment assets</b>			
Building maintenance	188,232	232,327	169,824
Renovation	<u>75,217</u>	<u>70,414</u>	<u>89,428</u>
Total segment assets	263,449	302,741	259,252
Unallocated corporate assets	<u>101,255</u>	<u>100,456</u>	<u>77,295</u>
Total assets	<u>364,704</u>	<u>403,197</u>	<u>336,547</u>
<b>Segment liabilities</b>			
Building maintenance	99,936	98,512	71,525
Renovation	<u>62,958</u>	<u>74,593</u>	<u>83,226</u>
Total segment liabilities	162,894	173,105	154,751
Unallocated corporate liabilities	<u>31,711</u>	<u>38,007</u>	<u>25,882</u>
Total liabilities	<u>194,605</u>	<u>211,112</u>	<u>180,633</u>

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For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, available-for-sale investments, certain prepayment and other receivables, amounts due from related companies, pledged bank deposits and bank balances and cash as these assets are managed on a group basis.
- all liabilities are allocated to reportable segments other than certain other payables, tax payable, bank borrowings and overdrafts, obligations under finance leases, amounts due to directors, amount due to a related party, long service payment obligations and deferred tax liabilities as these liabilities are managed on a group basis.

### Other segment information

*For the year ended 30 June 2012*

	Building maintenance HK\$'000	Renovation HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Amounts included in the measure of segment profit or segment assets:</b>				
Additions to property, plant and equipment	1,069	–	–	1,069
Depreciation of property, plant and equipment	524	–	423	947
Gain on disposal of property, plant and equipment	(42)	–	–	(42)
Gain on disposal of investment property	–	–	(5,276)	(5,276)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:</b>				
Bank interest income	–	–	(3)	(3)
Finance costs	–	–	1,280	1,280
Income tax expense	–	–	3,216	3,216
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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*For the year ended 30 June 2013*

	Building maintenance HK\$'000	Renovation HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Amounts included in the measure of segment profit or segment assets:</b>				
Additions to property, plant and equipment	2,575	–	–	2,575
Depreciation of property, plant and equipment	852	–	442	1,294
Gain on disposal of property, plant and equipment	(15)	–	–	(15)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:</b>				
Bank interest income	–	–	(5)	(5)
Finance costs	–	–	1,016	1,016
Income tax expenses	–	–	4,643	4,643
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

*For the year ended 30 June 2014*

	Building maintenance HK\$'000	Renovation HK\$'000	Unallocated HK\$'000	Total HK\$'000
<b>Amounts included in the measure of segment profit or segment assets:</b>				
Additions to property, plant and equipment	934	–	–	934
Depreciation of property, plant and equipment	525	–	422	947
Loss (gain) on disposal of property, plant and equipment	63	–	(14,089)	(14,026)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:</b>				
Bank interest income	–	–	(46)	(46)
Finance costs	–	–	820	820
Income tax expenses	–	–	7,060	7,060
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### Geographical information

The Group’s revenue from external customers by location of operations is derived solely in Hong Kong (country of domicile). Non-current assets of the Group by location of assets are all located in the Hong Kong.

### Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

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	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Customer A <sup>1</sup>	372,013	361,315	365,100
Customer B <sup>2</sup>	152,940	108,742	118,285

1 Revenue from building maintenance and renovation services.

2 Revenue from renovation services.

### 8. OTHER INCOME

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Bank interest income	3	5	46
Gain on disposal of investment property	5,276	–	–
Gain on disposal of property, plant and equipment	42	15	14,026
Reversal of long service payment obligations	–	–	116
Write-back of unclaimed dividends	4	4	6
Others	26	–	–
	<u>5,351</u>	<u>24</u>	<u>14,194</u>

### 9. FINANCE COSTS

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Interest on:			
– bank overdrafts and borrowings wholly repayable within five years	1,182	920	745
– obligations under finance leases	98	96	75
	<u>1,280</u>	<u>1,016</u>	<u>820</u>

### 10. TAXATION

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Current year taxation			
Hong Kong Profits Tax	3,363	4,697	7,318
Deferred taxation (note 28)	(147)	(54)	(258)
	<u>3,216</u>	<u>4,643</u>	<u>7,060</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the Track Record Period.

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The tax charge can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Profit before taxation	23,391	27,979	53,239
Tax calculated at the domestic income tax rate	3,860	4,616	8,784
Tax effect of income not taxable for tax purposes	(688)	–	(2,186)
Tax effect of expenses not deductible for tax purposes	54	37	462
Effect of tax exemption granted (note)	(10)	(10)	–
Income tax expense for the year	3,216	4,643	7,060

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the years of assessment 2012/2013 and 2013/2014 by 75%, subject to a ceiling of HK\$10,000.

### 11. PROFIT FOR THE YEAR

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging (crediting):			
Staff costs			
– Salaries, allowances and other benefits	22,519	22,965	27,079
– Severance payment	74	141	186
– Long service payment obligations	182	15	(116)
– Contributions to retirement benefits scheme	872	870	1,055
Total staff costs (excluding directors’ remuneration (note 12))	23,647	23,991	28,204
Auditor’s remuneration	55	100	100
Depreciation of property, plant and equipment			
– owned assets	313	308	301
– assets held under finance leases	634	986	646
Minimum lease payments paid under operating lease	92	189	310
Listing expenses	–	–	2,573

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## ACCOUNTANT’S REPORT

### 12. DIRECTORS’ AND CHIEF EXECUTIVE’S EMOLUMENTS

The emoluments paid or payable to each of the directors [and the chief executive officer (“CEO”)] of the Company were as follows:

*For the year ended 30 June 2012*

Name of director	Fee HK\$’000	Salaries, allowances and other benefits HK\$’000	Contributions to retirement benefits scheme HK\$’000	Long service payment obligations HK\$’000	Total HK\$’000
Executive directors					
Liu Winson Wing Sun	10	403	12	–	425
Kan Yiu Keung [(CEO)]	10	403	12	–	425
Chan Lo Kin	10	276	12	–	298
Non-executive directors					
Liu Su Ke	10	–	–	–	10
Kan Yiu Kwok	10	–	–	–	10
	<u>50</u>	<u>1,082</u>	<u>36</u>	<u>–</u>	<u>1,168</u>

*For the year ended 30 June 2013*

Name of director	Fee HK\$’000	Salaries, allowances and other benefits HK\$’000	Contributions to retirement benefits scheme HK\$’000	Long service payment obligations HK\$’000	Total HK\$’000
Executive directors					
Liu Winson Wing Sun	10	403	15	–	428
Kan Yiu Keung [(CEO)]	10	409	15	–	434
Chan Lo Kin	10	282	14	–	306
Non-executive directors					
Liu Su Ke	10	–	–	–	10
Kan Yiu Kwok	10	–	–	–	10
	<u>50</u>	<u>1,094</u>	<u>44</u>	<u>–</u>	<u>1,188</u>

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*For the year ended 30 June 2014*

Name of director	Fee HK\$'000	Salaries, allowances and other benefits HK\$'000	Contributions to retirement benefits scheme HK\$'000	Long service payment obligations HK\$'000	Total HK\$'000
Executive directors					
Liu Winson Wing Sun	10	409	15	–	434
Kan Yiu Keung [(CEO)]	10	436	15	–	461
Chan Lo Kin	10	303	15	–	328
Non-executive directors					
Liu Su Ke	10	–	–	–	10
Kan Yiu Kwok	10	–	–	–	10
	<u>50</u>	<u>1,148</u>	<u>45</u>	<u>–</u>	<u>1,243</u>

The emolument shown above represents emolument received from the Group by these directors [and CEO] in their capacity as employees to the Group and/or in their capacity as directors of the companies now comprising the Group during the Track Record Period.

Ms. Tong Sze Wan, Mr. Kwong Ping Man and Mr. Lam Yiu Por were appointed as independent non-executive directors of the Company on [●]. During the Track Record Period, the independent non-executive directors have not yet been appointed and did not receive any remuneration.

No director [and CEO] waived or agreed to waive any emoluments during the Track Record Period.

No emoluments were paid by the Group to any directors and chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

### 13. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, none of them was director of the Company. Details of remuneration paid to the five highest paid individuals of the Group for the years ended 30 June 2012, 2013 and 2014 respectively were as follows:

	Year ended 30 June		
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000
Salaries, allowances and other benefits	2,428	2,581	3,036
Contributions to retirement benefits scheme	<u>61</u>	<u>75</u>	<u>69</u>
	<u>2,489</u>	<u>2,656</u>	<u>3,105</u>

The emolument of each of the above employees was below HK\$1,000,000.

No emoluments were paid by the Group to any five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.



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### 14. DIVIDEND

[No dividend has been paid or declared by the Company since the date of incorporation on 17 September 2014.]

The dividend declared by the Company’s subsidiary to its then shareholders during the years ended 30 June 2012, 2013 and 2014 amounted to HK\$1,350,000, HK\$1,350,000 and HK\$82,350,000 respectively. The rates of dividends and the number of shares ranking for the above dividends are not presented as such information is not considered meaningful for the purpose of this report.

On [●], dividend of HK\$[60,000,000] was declared [and paid] by [●] to the then shareholders.

### 15. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganisaiton and the presentation of the results for the Track Record Period on a combined basis as disclosed in note 1 above.

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### 16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Machinery and equipment HK\$'000	Furniture, fixture and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST					
At 1 July 2011	11,354	371	1,278	5,057	18,060
Additions	–	–	–	1,069	1,069
Disposals	–	–	–	(1,299)	(1,299)
At 30 June 2012 and 1 July 2012	11,354	371	1,278	4,827	17,830
Additions	–	–	–	2,575	2,575
Disposals	–	–	–	(1,196)	(1,196)
At 30 June 2013 and 1 July 2013	11,354	371	1,278	6,206	19,209
Additions	–	–	–	934	934
Disposals	(11,354)	–	–	(2,054)	(13,408)
At 30 June 2014	–	371	1,278	5,086	6,735
ACCUMULATED DEPRECIATION					
At July 2011	1,412	353	1,058	2,046	4,869
Charge for the year	278	2	33	634	947
Eliminated on disposals	–	–	–	(732)	(732)
At 30 June 2012 and 1 July 2012	1,690	355	1,091	1,948	5,084
Charge for the year	277	3	28	986	1,294
Eliminated on disposals	–	–	–	(599)	(599)
At 30 June 2013 and 1 July 2013	1,967	358	1,119	2,335	5,779
Charge for the year	277	1	24	645	947
Eliminated on disposals	(2,244)	–	–	(931)	(3,175)
At 30 June 2014	–	359	1,143	2,049	3,551
NET CARRYING VALUES					
At 30 June 2012	9,664	16	187	2,879	12,746
At 30 June 2013	9,387	13	159	3,871	13,430
At 30 June 2014	–	12	135	3,037	3,184

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Except for land and buildings which are depreciated on a straight line basis over the shorter of the unexpired lease term and 50 years, the above items of property, plant and equipment are depreciated on diminishing balance method over their estimated depreciation rates as below:

Machinery and equipment	25% in the year of purchase and 15% per annum insubsequent years
Furniture, fixture and office equipment	25% in the year of purchase and 15% per annum insubsequent years
Motor vehicles	25% in the year of purchase and 15% per annum insubsequent years

The land and buildings were located in Hong Kong under medium-term lease.

On 28 May 2014, Sing Fat Construction entered into a sale and purchase agreement with a related company, Mega Billion Investment Limited (“Mega Billion”), pursuant to which Sing Fat Construction agreed to sell and Mega Billion agreed to purchase the land and buildings at cash consideration of HK\$23,200,000 which was determined with reference to market value. On the date of disposal, the carrying value of the land and buildings amounted to approximately HK\$9,110,000. The transaction was completed on 30 June 2014. Certain directors of the Group are the beneficial shareholders and directors of Mega Billion.

Property, plant and equipment include certain motor vehicles held under finance leases. Details are set out in note 33.

At 30 June 2012, 2013 and 2014, certain amounts of property, plant and equipment have been pledged as security for the bank borrowings and banking facilities granted to the Group. Details are set out in notes 25 and 33.

### 17. INVESTMENT PROPERTY

	<i>HK\$’000</i>
<b>COST</b>	
At 1 July 2011	5,262
Disposal	(5,262)
At 30 June 2012, 2013 and 2014	–
<b>ACCUMULATED DEPRECIATION</b>	
At 1 July 2011	1,438
Written back on disposal	(1,438)
At 30 June 2012, 2013 and 2014	–
<b>CARRYING VALUE</b>	
At 30 June 2012, 2013 and 2014	–

The investment property was situated in Hong Kong under medium-term lease and was depreciated on a straight-line basis over the unexpired lease term.

During the year ended 30 June 2012, the Group disposed of the investment property at cash consideration of HK\$9,200,000, net of commission and legal fees of approximately HK\$100,000, resulting in a gain from disposal of investment property of approximately HK\$5,276,000.

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### 18. AVAILABLE-FOR-SALE INVESTMENTS

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Unlisted equity investment in Hong Kong, at cost	1,974	1,974	1,974

The Group held 4.02% equity interest in an unlisted company in Hong Kong. The investment is measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimate is so significant that the management of the Group is of the opinion that its fair value cannot be reliably measured.

### 19. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
<b>Contracts in progress at the end of each reporting period:</b>			
Contract costs incurred plus recognised profits less recognised losses	46,612	66,759	68,095
Less: progress billings	(41,407)	(66,759)	(68,095)
Amounts due from customers for contract work	5,205	–	–

### 20. TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables at the end of each reporting period:

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	225,981	260,065	228,306
Retention money receivables (note)	12,076	16,825	13,988
Advances to subcontractors	17,441	22,480	14,535
Prepaid listing expenses	–	–	2,198
Deposits and other receivables	724	290	548
Trade and other receivables	256,222	299,660	259,575

Note: At 30 June 2012, 2013 and 2014, retention money of approximately HK\$10,544,000, HK\$12,413,000 and HK\$8,382,000 respectively were expected to be recovered or settled in more than twelve months from the end of the corresponding reporting period.

The Group does not hold any collateral over these balances.

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The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate. The following is an aged analysis of trade receivables, presented based on the certified report which approximates revenue recognition date at the end of each reporting period, and net of impairment loss recognised:

	<b>At 30 June</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	124,350	126,426	110,336
91 to 180 days	33,379	40,638	34,610
181 to 365 days	35,120	53,809	37,986
1-2 years	28,178	29,662	44,656
Over 2 years	4,954	9,530	718
	<u>225,981</u>	<u>260,065</u>	<u>228,306</u>

Trade receivables that were neither past due nor impaired related to customers that have no recent history of default payment.

As at 30 June 2012, 2013 and 2014, included in the Group’s trade receivable balances were debtors with aggregate carrying amount of approximately HK\$3,153,000, HK\$1,436,000 and HK\$7,518,000 respectively which were past due at the end of each reporting period for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired:

	<b>At 30 June</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	3,136	1,295	6,448
91 to 180 days	–	42	936
181 to 365 days	17	2	87
1-2 years	–	97	47
	<u>3,153</u>	<u>1,436</u>	<u>7,518</u>

The directors of the Company consider that there has not been a significant change in credit quality of the relevant customers and there is no recent history of default, therefore the amounts are considered to be recoverable.

### 21. AMOUNTS DUE FROM RELATED COMPANIES

Amounts due from related companies as at 30 June 2012, 2013 and 2014 were unsecured, interest-free and repayable on demand.

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Amounts due from related companies were as follows:

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
<b>Amounts due from related companies</b>			
General Top Holdings Limited (“General Top”) (note a)	64,250	74,980	–
Base Win Engineering Limited (“Base Win”) (note b)	–	718	–
	<u>64,250</u>	<u>75,698</u>	<u>–</u>
<b>Maximum amount outstanding from the related companies during the year</b>			
General Top	64,250	74,980	80,097
Base Win	–	718	785
	<u>–</u>	<u>718</u>	<u>785</u>

Notes:

- (a) Certain directors of the Company are the beneficial shareholders and/ or directors of General Top.
- (b) Mr. Chan Lo Kin, the director of the Company, is the beneficial shareholder and director of Base Win.

### 22. PLEDGED BANK DEPOSITS / BANK BALANCES AND CASH

#### Pledged bank deposits

Pledged bank deposits represented deposits pledged to bank to secure banking facilities granted to the Group and were therefore classified as current assets.

As at 30 June 2012, 2013 and 2014, pledged bank deposits carried fixed interest rate at 0.16%, 0.02% and 0.02% per annum, respectively.

#### Bank balances and cash

Bank balances earned interest at floating rates based on daily bank deposit rates.

### 23. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables at the end of each reporting period:

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Trade payables	149,764	149,263	140,241
Retention money payables (note)	11,253	14,958	12,935
Receipt in advance	69	6,571	571
Accrued expenses and other payables	2,309	2,534	2,199
Dividend payable to shareholders	–	–	543
Dividend payable to non-controlling interests	30	32	392
	<u>163,425</u>	<u>173,358</u>	<u>156,881</u>

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*Note:* As at 30 June 2012, 2013 and 2014, retention money of approximately HK\$8,095,000, HK\$7,492,000 and HK\$8,027,000 respectively were expected to be paid or settled after more than twelve months from the end of the corresponding reporting period.

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

	<b>At 30 June</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	87,520	86,913	81,819
91 to 180 days	17,706	13,988	13,002
181 to 365 days	15,304	24,669	21,270
1-2 years	24,790	14,908	23,683
Over 2 years	4,444	8,785	467
	<u>149,764</u>	<u>149,263</u>	<u>140,241</u>

Trade payables represented payables to subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within seven days after the settlement of corresponding trade receivables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame.

### 24. AMOUNTS DUE TO DIRECTORS/A RELATED PARTY

As at 30 June 2012, 2013 and 2014, the amounts due to directors/a related party, were unsecured, interest-free and repayable on demand.

#### Amounts due to directors:

	<b>At 30 June</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mr. Kan Yiu Keung	2,200	2,200	–
Mr. Liu Su Ke	60	3,590	140
	<u>2,260</u>	<u>5,790</u>	<u>140</u>

#### Amount due to a related party:

	<b>At 30 June</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mr. Kan Man Hoo	<u>2,000</u>	<u>2,000</u>	<u>–</u>

During the Track Record Period, Mr. Kan Man Hoo is a director of a subsidiary.

The amounts due to Mr. Kan Yiu Keung and Mr. Kan Man Hoo were fully settled during the year ended 30 June 2014. Subsequently, in October 2014, the amount due to Mr. Liu Su Ke has also been fully settled.

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### 25. BANK BORROWINGS/SECURED BANK OVERDRAFTS

#### Bank borrowings

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Secured	16,647	12,149	–
Unsecured and guaranteed	<u>2,830</u>	<u>6,774</u>	<u>12,646</u>
	<u>19,477</u>	<u>18,923</u>	<u>12,646</u>

  

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Carrying amount repayable within one year ( <i>Note</i> )	9,728	14,095	8,260
Carrying amount of bank loans that are not repayable within one year from the end of each reporting period but contain a repayment on demand clause (shown under current liabilities)	<u>9,749</u>	<u>4,828</u>	<u>4,386</u>
	<u>19,477</u>	<u>18,923</u>	<u>12,646</u>

*Note:* The amounts due are based on the scheduled repayment dates set out in the loan agreements.

As at 30 June 2012, 2013 and 2014, bank borrowings bore floating interest rates from 3.50% to 5.00% per annum, 3.50% to 5.00% per annum and 2.75% to 4.00% per annum respectively. The weighted average interest rate as at 30 June 2012, 2013 and 2014 were 4.74%, 4.31% and 3.22% per annum respectively.

#### Secured bank overdrafts

As at 30 June 2013, secured bank overdrafts bore interest at rate of 6.00% per annum.

As at 30 June 2012 and 2013, the bank borrowings and overdraft and general banking facilities were secured and/or guaranteed by:

- the Group’s land and buildings situated in Hong Kong and the bank deposits as disclosed in note 33;
- properties held by a related company, Gain Line Engineering Limited (“Gain Line”), of which certain directors of the Company are beneficial shareholders and directors;
- personal guarantee given by the Company’s directors, Mr. Liu Su Ke and Mr. Chan Lo Kin and a related party, Mr. Kan Man Hoo; and
- guarantee given by Hong Kong Mortgage Corporation Limited (“HKMCL”) under the SME Financing Guarantee Scheme.

As at 30 June 2014 the bank borrowings and general banking facilities were secured and/or guaranteed by:

- the Group’s bank deposits as disclosed in note 33;
- properties held by Gain Line;



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- personal guarantee given by the Company’s directors, Mr. Liu Winson Wing Sun, Mr. Kan Yiu Keung, Mr. Chan Lo Kin, Mr. Liu Su Ke and Mr. Kan Yiu Kwok, a related party, Mr. Kan Man Hoo; and
- guarantee given by HKMCL under the SME Financing Guarantee Scheme.

During the year ended 30 June 2014, security over the Group’s land and buildings situated in Hong Kong were released upon the disposal of the properties. Subsequent to 30 June 2014, the security over properties held by Gain Line was also released. The directors of the Company confirmed that personal guarantee given by the Company’s directors and the related party will be released upon the Listing.

### 26. OBLIGATIONS UNDER FINANCE LEASES

	<b>At 30 June</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed for reporting purposes as:			
Current liabilities	1,090	1,722	831
Non-current liabilities	<u>627</u>	<u>409</u>	<u>495</u>
	<u>1,717</u>	<u>2,131</u>	<u>1,326</u>

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It is the Group’s policy to lease certain of its motor vehicles under finance leases. The lease term ranged from 2 to 5 years for the Track Record Period. During the Track Record Period, the effective interest rate ranged from 1.3% to 3.0% per annum.

	Minimum lease payments at 30 June			Present value of minimum lease payments at 30 June		
	2012	2013	2014	2012	2013	2014
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Amounts payable under finance leases						
Within one year	1,135	1,759	853	1,090	1,722	831
More than one year but less than two years	636	305	433	627	302	429
More than two years but less than five years	—	107	66	—	107	66
	1,771	2,171	1,352	1,717	2,131	1,326
Less: future finance charges	(54)	(40)	(26)	N/A	N/A	N/A
Present value of obligations under finance lease	<u>1,717</u>	<u>2,131</u>	<u>1,326</u>			
Less: amount due for settlement with 12 months (shown under current liabilities)				<u>(1,090)</u>	<u>(1,722)</u>	<u>(831)</u>
Amount due for settlement after 12 months				<u>627</u>	<u>409</u>	<u>495</u>

The Group’s obligations under finance leases are secured by the lessor’s charge over the leased assets.

### 27. LONG SERVICE PAYMENT OBLIGATIONS

Movement in the long service payment obligations is as follows:

	2012	2013	2014
	HK\$’000	HK\$’000	HK\$’000
At 1 July	137	319	334
Charged (credited) to profit or loss	<u>182</u>	<u>15</u>	<u>(116)</u>
At 30 June	<u>319</u>	<u>334</u>	<u>218</u>

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The Group makes provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance, as further explained in note 3. Pursuant to Chapter 10 of the Hong Kong Employment Ordinance, the long service payment is to be offset with the accrued benefits derived from the Group’s contributions made to MPF Scheme for the employees and subject to a cap of HK\$390,000 per employee. The provision represents the management’s best estimate of the Group’s liability at the end of the reporting period. As at 30 June 2012, 2013 and 2014, the amount is calculated based on the principal assumptions stated as below:

	2012	2013	2014
Salary inflation rate	4.96%	8.11%	6.40%
Discount rate	<u>1.24%</u>	<u>2.18%</u>	<u>2.07%</u>

### 28. DEFERRED TAX LIABILITIES

Deferred tax liability arising from accelerated tax depreciation recognised by the Group and movements thereof during the Track Record Period were as follows:

	HK\$’000
At 1 July 2011	717
Credited to profit and loss	<u>(147)</u>
At 30 June 2012 and 1 July 2012	570
Credited to profit or loss	<u>(54)</u>
At 30 June 2013 and 1 July 2013	516
Credited to profit or loss	<u>(258)</u>
At 30 June 2014	<u>258</u>

### 29. SHARE CAPITAL

As the Company was not incorporated prior to 30 June 2014 and the Reorganisation was not completed as at 30 June 2014, the share capital of the Group in the combined statements of financial position as at 30 June 2012, 2013 and 2014 represented the combined share capital of ABO and Sing Fat Construction attributable to owners of the Company.

The Company was incorporated on 17 September 2014 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the same date, one nil-paid share was allotted and issued to the subscriber of the Company.

Pursuant to the resolutions in writing passed by the sole shareholder of the Company on [●], the authorised share capital of the Company was increased from HK\$380,000 to HK\$[20,000,000] by the creation of an additional of [1,962,000,000] shares of HK\$0.01 each, each ranks pari passu with the shares then in issue in all respects.

### 30. RETIREMENT BENEFITS PLANS

The Group operates MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by employees and subject to a cap of HK\$1,000 prior to June 2012, HK\$1,250 from June 2012 to May 2014 and HK\$1,500 thereafter per employee.

During the years ended 30 June 2012, 2013 and 2014, the total expense recognised in the combined statements of profit or loss and other comprehensive income is approximately HK\$908,000, HK\$914,000 and HK\$1,100,000 respectively, which represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

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### 31. OPERATING LEASE COMMITMENTS

#### The Group as lessee

At the end of each reporting period, the Group had outstanding commitments in respect of future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Within one year	167	375	1,238
In the second to fifth year inclusive	<u>146</u>	<u>292</u>	<u>1,002</u>
	<u>313</u>	<u>667</u>	<u>2,240</u>

Operating lease payments represents rentals payable by the Group for its office premises. Leases are negotiated and rentals are fixed for a term ranging from 2 to 3 years.

### 32. CONTINGENT LIABILITIES

#### (a) Contingent liabilities in respect of legal claims

One subsidiary of the Group is defendant in a number of claims, lawsuits and potential claims relating to employees’ compensation cases and personal injuries claims. The directors of the Company considered that the possibility of any outflow in settling the legal claims was remote as these claims were well covered by insurance and subcontractors’ indemnity. Accordingly, no provision for the contingent liabilities in respect of the litigations is necessary, after due consideration of each case and with reference to the legal opinion.

#### (b) Guarantee issued

At the end of each reporting period, the Group had provided guarantees to banks in respect of the following:

	At 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Performance bonds in favor of its clients	<u>15,449</u>	<u>10,315</u>	<u>6,860</u>

As at 30 June 2012, 2013 and 2014, approximately HK\$15,449,000, HK\$10,315,000 and HK\$6,860,000 of performance bonds were given by banks in favour of some Group’s customers as security for the due performance and observance of the Group’s obligations under the service contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work for the relevant customers.

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### 33. PLEDGE OF ASSETS

As at 30 June 2012, 2013 and 2014, assets with the following carrying amounts were pledged to secure the bank borrowings and banking facilities granted to the Group:

	<b>At 30 June</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	9,664	9,387	–
Pledged bank deposits	5,000	5,005	5,006
	<u>14,664</u>	<u>14,392</u>	<u>5,006</u>

In addition, the Group’s obligations under finance leases were secured by the lessors’ title to the leased motor vehicles with carrying value of approximately HK\$2,400,000, HK\$3,340,000 and HK\$1,617,000 as at 30 June 2012, 2013 and 2014 respectively.

### 34. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed elsewhere in the Financial Information, during the Track Record Period, the Group entered into transactions with related parties as follows:

<b>Related party</b>	<b>Nature of transaction</b>	<b>Year ended 30 June</b>		
		<b>2012</b>	<b>2013</b>	<b>2014</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Base Win	Management fee paid to related party	371	–	–
Chung Tat Construction Co., Limited	Subcontracting fee paid to related party	45,070	40,816	46,102
Gain Line	Management fee paid to related party	656	1,486	–
Group Bridge Investment Limited	Management fee paid to related party	243	577	–
Handmade Company Limited	Management fee paid to related party	171	536	–
Long Goal Limited	Management fee paid to related party	637	1,036	–
General Top	Rental of motor vehicle from related party	111	111	111
		<u>          </u>	<u>          </u>	<u>          </u>

The above companies are companies of which certain directors of the Company are their beneficial shareholders and/or directors.

- (b) As disclosed in note 16, the Group disposed of its land and building to Mega Billion at cash consideration of HK\$23,200,000 and then leased back the land and buildings as office premises at monthly rental of HK\$75,000 from 1 July 2014 to 30 June 2016. The monthly rental was determined with reference to market value.

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(c) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the Track Record Period was as follows:

	Year ended 30 June		
	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000
Salaries, allowances and other benefits	2,128	2,265	2,565
Cost of long service payments	6	10	4
Contributions to retirement benefits scheme	60	74	75
	<u>2,194</u>	<u>2,349</u>	<u>2,644</u>

- (d) Under a deed of indemnity dated [●], the Controlling Shareholders have undertaken to provide indemnities on a joint and several basis in respect of, among other matters, all claims, payments, suits, damages, settlements payments, costs and expenses which would be incurred or suffered by the Group as a result of any litigation, arbitration and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise nature against any member of the Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of the Group on or before the date on which the [REDACTED] of the Company becomes unconditional.

### 35. MAJOR NON-CASH TRANSACTIONS

- (a) During the years ended 30 June 2012, 2013 and 2014, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of approximately HK\$1,051,000, HK\$2,433,000 and HK\$917,000 respectively.
- (b) During the year ended 30 June 2014, the amount due from a related company of approximately HK\$80,097,000 was offset against dividend payable by one of the subsidiary to its then shareholders, pursuant to a set-off deed dated 30 June 2014.

## B. EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 30 June 2014:

### (a) Dividend

On [●], dividend of HK\$[60,000,000] was declared [and paid] by [●] to its then shareholders.

### (b) Reorganisation

The Company was incorporated on 17 September 2014 and the companies comprising the Group underwent a reorganisation to rationalise the Group’s structure in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange. Details of the Reorganisation are set out in the section headed “Corporate reorganisation” in Appendix IV to the [REDACTED]. As a result of the Reorganisation, the Company became the holding company of the Group on [●].

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**(c) Share option scheme**

Pursuant to the written resolutions of the sole shareholder of the Company passed on [●], the Company has conditionally adopted a share option scheme, details of which are set out in section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to the [REDACTED].

**C. SUBSEQUENT FINANCIAL STATEMENTS**

[No audited financial statements of the Group, the Company or the company comprising the Group have been prepared in respect of any period subsequent to 30 June 2014.]

Yours faithfully,  
**SHINEWING (HK) CPA Limited**  
*Certified Public Accountants*  
[●]  
Practising Certificate Number: [●]  
Hong Kong