THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of the Offer, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your Shares in Yat Sing Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

SMART PARADISE INTERNATIONAL LIMITED

(Incorporated in the British Virgin Islands with limited liability)

YAT SING HOLDINGS LIMITED

日成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3708)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY

KINGSTON SECURITIES

FOR AND ON BEHALF OF SMART PARADISE INTERNATIONAL LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF YAT SING HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY SMART PARADISE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Joint Financial Advisers to Smart Paradise International Limited

KINGSTON CORPORATE FINANCE

Shinco Capital
昇豪資本

Shinco Capital Limited

Financial Adviser to Yat Sing Holdings Limited

KGI
CHINA DEVELOPMENT FINANCIAL

Independent Financial Adviser to the Independent Board Committee

大有融資有限公司
MESSIS CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Kingston Securities containing, amongst other things, details of the terms of the Offer is set out on pages 8 to 17 of this Composite Document.

A letter from the Board is set out on pages 18 to 23 of this Composite Document.

A letter of recommendation from the Independent Board Committee is set out on pages 24 to 25 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee is set out on pages 26 to 47 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on pages I-1 to I-7 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Friday, 13 January 2017 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Offer.

The Composite Document will remain on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.yat-sing.com.hk as long as the Offer remains open.

23 December 2016

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The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

All time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of this Composite Document and the accompanying Form of Acceptance *(Note 1)*	Friday, 23 December 2016
Offer open for acceptance	Friday, 23 December 2016
Latest time and date for acceptance of the Offer *(Notes 2 and 4)*	4:00 p.m. on Friday, 13 January 2017
Closing Date *(Notes 2 and 4)*	Friday, 13 January 2017
Announcement of the results of the Offer or as to whether the Offer has been revised or extended on the website of the Stock Exchange *(Note 2)*	not later than 7:00 p.m. on Friday, 13 January 2017
Latest date for posting of remittance for the amounts due under the Offer in respect of valid acceptances received on or before the latest time for acceptance of the Offer *(Notes 3 and 4)*	Tuesday, 24 January 2017

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.

2. The latest time for acceptance of the Offer is 4:00 p.m. on Friday, 13 January 2017. The Offer, which is unconditional, will be closed on Friday, 13 January 2017. The Offeror will issue an announcement no later than 7:00 p.m. on Friday, 13 January 2017 as to whether the Offer has been revised, extended or expired and, in relation to any revision or extension of the Offer, to state either the next closing date or that the Offer will remain open until further notice. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Shareholders who have not accepted the Offer.

3. Remittances in respect of the consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares under the Offer will be posted to the accepting Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days after the date of receipt by the Registrar of the duly completed Form of Acceptance and all the relevant documents of title to render the acceptance by such Shareholders under the Offer complete and valid.

   Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the paragraph headed "6. Right of Withdrawal" in Appendix I to this Composite Document.

4. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong:

   (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the latest date for the posting of remittances will remain on the same Business Day.

   (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. and the posting of remittances will be the next following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:

"acting in concert"	has the same meaning ascribed to it in the Takeovers Code
''Additional Facility''	the additional loan facility granted by Kingston Securities to the Offeror, together with the Offer Facility to finance the total consideration payable under the Offer at the Revised Offer Price
"associate(s)"	has the meaning ascribed to it in the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	a day on which the Stock Exchange is open for the transaction of business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	Friday, 13 January 2017, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror and the Company and approved by the Executive
"Company"	Yat Sing Holdings Limited (日成控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board (stock code: 3708)
"Composite Document"	this composite offer and response document together with the Form of Acceptance despatched jointly by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offer
"connected person"	has the meaning ascribed to it in the Listing Rules
"controlling shareholder"	has the meaning ascribed to it in the Listing Rules
"Director(s)"	the director(s) of the Company from time to time
"Executive"	Executive Director of the Corporate Finance Division of the SFC or any of its delegate

"Form of Acceptance"	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising all the independent non-executive Directors, namely Ms. Tong Sze Wan, Mr. Guo Biao and Ms. Song Dan, which has been established in accordance with the Takeovers Code to advise the Independent Shareholders in respect of the Offer
"Independent Financial Adviser" or "Messis Capital"	Messis Capital Limited, a licensed corporation under the SFO, licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed as the independent financial adviser with the approval of the Independent Board Committee and to make recommendation to the Independent Board Committee in relation to the Offer
"Independent Shareholder(s)"	Shareholder(s) other than the Offeror and any parties acting in concert with it
"Joint Announcement"	the joint announcement issued by the Offeror and the Company dated 27 October 2016 in relation to, amongst other things, the Sale and Purchase Agreement, the Share Transfer Completion and the Offer
"KGI Capital Asia"	KGI Capital Asia Limited, a licensed corporation under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and acting as the financial adviser to the Company
"Kingston Corporate Finance"	Kingston Corporate Finance Limited, a licensed corporation under the SFO, licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, and one of the joint financial advisers to the Offeror

"Kingston Securities"	Kingston Securities Limited, a licensed corporation under the SFO, licensed to conduct Type 1 (dealing in securities) regulated activity under the SFO, which shall make the Offer on behalf of the Offeror
"Last Trading Day"	26 October 2016, being the last trading day immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the publication of the Joint Announcement
"Latest Practicable Date"	21 December 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
''Mr. Bao''	Mr. Bao Xibin, an individual deemed to be party acting in concert with the Offeror by the SFC, to which the Offeror disagrees
"Mr. Dai"	Mr. Dai Jian (戴劍), the sole beneficial owner and director of the Offeror
"Offer"	the unconditional mandatory cash offer being made by Kingston Securities for and on behalf of the Offeror to acquire all the Offer Shares pursuant to Rule 26.1 of the Takeovers Code
"Offer Facility"	the loan facility granted by Kingston Securities to the Offeror, together with the Additional Facility, to finance the total consideration payable under the Offer
"Offer Period"	has the meaning given to it in the Takeovers Code, being the period commencing from 29 September 2016 (i.e. the date of the announcement of the Company dated 29 September 2016 issued pursuant to Rule 3.7 of the Takeovers Code in relation to the preliminary proposal made by the Offeror to the Vendor of the possible acquisition of the Sale Shares held by the Vendor) and ending on the Closing Date

"Offer Share(s)"	all the Shares in issue, other than those already owned by the Offeror and parties acting in concert with it
"Offeror"	Smart Paradise International Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is wholly and beneficially owned by Mr. Dai
"Overseas Shareholder(s)"	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
"PRC"	the People's Republic of China (for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan)
''Previous Offer Price''	the previous offer price of HK$0.563 per Offer Share
"Registrar"	Union Registrars Limited, the branch share registrar of the Company in Hong Kong
"Relevant Period"	the period which commenced on 29 March 2016 (i.e. the date which was six months before the date of the announcement of the Company dated 29 September 2016 issued pursuant to Rule 3.7 of the Takeovers Code in relation to the preliminary proposal made by the Offeror to the Vendor of the possible acquisition of the Sale Shares held by the Vendor) and up to and including the Latest Practicable Date
"Revised Offer Price"	the revised offer price of HK$0.94 per Offer Share, being price of which the Offer is made
"Sale and Purchase Agreement"	the sale and purchase agreement dated 26 October 2016 entered into between the Offeror and the Vendor in relation to the Share Transfer
"Sale Share(s)"	599,100,000 Shares legally and beneficially owned by the Vendor as at the date of the Sale and Purchase Agreement and immediately prior to Share Transfer Completion, representing approximately 53.5% of the total issued share capital of the Company as at the date of the Joint Announcement
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share Transfer"	the transfer of the Sale Shares by the Vendor to the Offeror pursuant to the terms and conditions of the Sale and Purchase Agreement
"Share Transfer Completion"	the completion of the Sale and Purchase Agreement which took place on 27 October 2016
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shinco Capital"	Shinco Capital Limited, a licensed corporation under the SFO, licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, and one of the joint financial advisers to the Offeror
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers in Hong Kong published by the SFC in force from time to time
"trading day"	a day on which the Stock Exchange is open for the business of dealings in securities
"Vendor"	Profound Union Limited, a company incorporated in the British Virgin Islands with limited liability, a controlling Shareholder immediately prior to the Share Transfer Completion, and is legally owned as to approximately 40.31% by Mr. Liu Su Ke, approximately 14.52% by Mr. Lai Kwan Hin, approximately 11.16% by Mr. Kan Yiu Keung (an executive Director and the chief executive officer of the Company), approximately 11.16% by Mr. Kan Yiu Kwok (a non-executive Director), approximately 6.42% by Mr. Kan Man Hoo, approximately 5.80% by Mr. Yau Shik Fan, Eddy, approximately 5.58% by Mr. Liu Winson Wing Sun (an executive Director) and approximately 5.04% by Mr. Chan Lo Kin (an executive Director)
"%"	per cent.

KINGSTON SECURITIES

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central, Hong Kong

23 December 2016

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY KINGSTON SECURITIES LIMITED FOR AND ON BEHALF OF SMART PARADISE INTERNATIONAL LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF YAT SING HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY SMART PARADISE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

(I) INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement, the Share Transfer Completion and the Offer. On 26 October 2016 (after trading hours of the Stock Exchange), the Offeror and the Vendor entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, representing approximately 53.5% of the total issued share capital of the Company as at the date of the Joint Announcement, at a cash consideration of HK$337,293,300 (equivalent to approximately HK$0.563 per Sale Share), free from all encumbrances and together with all rights now or hereafter attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date of Share Transfer Completion. The Share Transfer Completion took place on 27 October 2016. Upon completion of the Share Transfer, the Offeror and parties acting in concert with it beneficially owned 599,100,000 Shares, representing approximately 53.5% of the total issued share capital of the Company.

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for the Offer Shares, being all the Shares in issue, other than those already owned by the Offeror and parties acting in concert with it.

Reference is made to the joint announcement published by the Offeror and the Company on 12 December 2016. It was announced that the SFC has indicated it is deeming an individual, Mr. Bao, who admitted to have acquired a certain number of Shares at HK$0.94 per Share during the six-month period prior to the commencement of the Offer Period and disposed of the same in full during the Offer Period and before the publication of the Joint Announcement, to be a party acting in concert with the Offeror. As such the Offeror would be required, under Rule 26.3 of the Takeovers Code, to increase the Previous Offer Price of HK$0.563 per Offer Share to the Revised Offer Price of HK$0.94 per Offer Share, which is equivalent to the price per Share paid by Mr. Bao for his acquisition of Shares.

Mr. Bao is a friend of Mr. Dai, who was involved in certain meetings to assist Mr. Dai in some early coordination and documentation work of the Share Transfer and the Offer (including the engagement of the professional parties, the exchange of the signed engagement letters, the confirmation of the service fee payments and the provision of the background information of the Offeror and Mr. Dai) as Mr. Dai considered that Mr. Bao possessed a better command of English and Mr. Bao would also like to understand the process of the Share Transfer and/or the Offer for his own interest.

The Offeror and Mr. Dai confirmed that neither the Offeror nor Mr. Dai has appointed Mr. Bao as agent or adviser and Mr. Bao has not been accustomed to take or act in accordance with the instructions from them in respect of the Offer. Mr. Bao has not been in any capacities as a professional adviser in providing advice to Mr. Dai in respect of the Share Transfer and/or the Offer. Apart from being friends, there is no formal and informal relationship between the Offeror and Mr. Dai on one hand and Mr. Bao on the other hand.

While the Offeror disagrees that Mr. Bao shall be taken or deemed to be a party acting in concert with it, with a view to avoiding any further delay in the despatch of this Composite Document, and to completing the Offer as required under the Takeovers Code expeditiously, the Offeror proposed to increase the Previous Offer Price of HK$0.563 per Offer Share to the Revised Offer Price of HK$0.94 per Offer Share.

Kingston Securities has been appointed by the Offeror to make the Offer on its behalf. The purpose of this letter is to provide you with, inter alia, information on the Offer, the Offeror and its intention regarding the Group. Further terms of the Offer and the procedures of acceptances are set out in this letter and in Appendix I to this Composite Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and the appendices as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

(II) THE OFFER

Principal terms of the Offer

We are making, for and on behalf of the Offeror, the Offer to all Independent Shareholders to acquire all the Offer Shares on the following basis:

For each Offer Share. . . . . HK$0.94 in cash

The Revised Offer Price is higher than the price paid by the Offeror for each Sale Share pursuant to the Sale and Purchase Agreement and is equal to the price paid by Mr. Bao for his acquisition of Shares.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them on or after the date on which the Offer is made, being the date of despatch of this Composite Document, or subsequently becoming attached to them.

The Offer is unconditional in all respects and is for all existing issued Shares but excluding the Sale Shares and any other Shares already owned by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, the Company had 1,118,800,000 Shares in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn.

Comparison of value

The Revised Offer Price of HK$0.94 per Offer Share, which is higher than the price per Sale Share paid by the Offeror pursuant to the Sale and Purchase Agreement and equal to the price paid by Mr. Bao for his acquisition of Shares represents:

(1) an increase of approximately 66.96% as compared to the Previous Offer Price of HK$0.563 per Offer Share;

(2) a discount of approximately 32.37% to the closing price of HK$1.39 per Share as quoted on the Stock Exchange on the 29 September 2016, being the commencement date of the Offer Period;

(3) a discount of approximately 77.18% to the closing price of HK$4.12 per Share as quoted on the Stock Exchange on the Last Trading Day;

(4) a discount of approximately 74.83% to the average closing price of HK$3.734 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;

(5) a discount of approximately 71.88% to the average closing price of approximately HK$3.343 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;

(6) a discount of approximately 51.42% to the average closing price of approximately HK$1.935 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;

(7) a discount of approximately 75.84% to the closing price of HK$3.89 per Share as quoted on the Stock Exchange on 12 December 2016, being the date of joint announcement on announcing the Revised Offer Price;

(8) a discount of approximately 75.90% to the closing price of HK$3.90 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(9) a premium of approximately 517.61% over the audited consolidated net assets value attributable to the Shareholders per Share of approximately HK$0.1522 as at 30 June 2016, the date on which the latest audited financial results of the Group were made up (based on the Company's audited consolidated net asset value attributable to the Shareholders of approximately HK$170,229,000 as at 30 June 2016 and 1,118,800,000 Shares in issue as at the date of the Joint Announcement and the Latest Practicable Date).

Highest and lowest Share price

During the Relevant Period:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$4.12 on 26 October 2016; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.62 on 12 September 2016.

Value of the Offer

On the basis of 1,118,800,000 Shares in issue as at the Latest Practicable Date and the Revised Offer Price of HK$0.94 per Offer Share, the entire issued share capital of the Company is valued at HK$1,051,672,000. Excluding the 599,100,000 Sale Shares acquired by the Offeror under the Sale and Purchase Agreement, 519,700,000 Shares will be subject to the Offer and the Offer is valued at HK$488,518,000 based on the Revised Offer Price.

Confirmation of financial resources

The Offeror would finance the consideration payable under the Offer by the Offer Facility and the Additional Facility granted by Kingston Securities. Pursuant to the terms and conditions of the Offer Facility and the Additional Facility, the 599,100,000 Sale Shares owned by the Offeror and the Offer Shares to be acquired by the Offeror under the Offer shall be deposited with Kingston Securities as collaterals for the Offer Facility and the Additional Facility. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, the Offer Facility and the Additional Facility will not depend on any significant extent on the business of the Group. Save for the aforementioned Sale Shares owned by the Offeror as at the Latest Practicable Date being charged to Kingston Securities, Kingston Securities and its associates did not have any interest in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Kingston Corporate Finance and Shinco Capital, as the joint financial advisers to the Offeror, are satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer as described above.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell the Offer Shares to the Offeror free from all liens, charges, options, claims, equity, rights of pre-emption and any other third party rights or encumbrances of any nature whatsoever and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made (i.e. being the date of despatch of this Composite Document). Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

The Offer will be made in compliance with the Takeovers Code which is administered by the Executive.

The procedures for accepting and further terms of the Offer are set out in Appendix I to this Composite Document.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by each accepting Shareholder at the rate of 0.1% of the consideration payable by the Offeror to such accepting Shareholder or if higher, the market value of the Shares, and will be deducted from the cash amount payable to such accepting Shareholder. The Offeror will pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for the stamp duty payable on the sale and purchase of the relevant Offer Shares pursuant to acceptances of the Offer and the transfer of the Offer Shares in accordance with Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment (after deducting the accepting Shareholders' share of stamp duty) in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days after the date of receipt of duly completed acceptances. Relevant documents of title must be received by the Registrar to render each acceptance of the Offer complete and valid.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Kingston Corporate Finance, Shinco Capital, Kingston Securities, KGI Capital Asia, Messis Capital and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

As the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Shareholder in respect of such jurisdictions as a result of the acceptance of the Offer). Acceptance of the relevant Offer by such Shareholders will constitute a representation and warranty to the Offeror that legal and regulatory requirements of all relevant territories in connection with the acceptance of the Offer have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Dealing and interests in the Company's securities

The Offeror disagrees that Mr. Bao be taken or deemed to be a party acting in concert with it. If Mr. Bao is included as a party acting in concert with the Offeror, as at the Latest Practicable Date, save for (i) the acquisition of the Sale Shares by the Offeror pursuant to the Sale and Purchase Agreement and (ii) Mr. Bao's acquisition of 200,000 Shares (representing approximately 0.02% of the total issued share capital of the Company) on 23 September 2016 at HK$0.94 per Share and the disposal of the same in full on 24 October 2016 at HK$3.95 per Share, none of the Offeror, its ultimate beneficial owner, nor parties acting in concert with it have dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(III) SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there are a total of 1,118,800,000 Shares in issue and the Company has no other outstanding warranties, options, derivatives or securities convertible into Shares. The table below sets out the shareholding structure of the Company as at the Latest Practicable Date:

Shareholders	**As at the Latest Practicable Date**	
	Number of Shares	*% of issued share capital*
Offeror and parties acting in concert with it	599,100,000	53.5
Other Shareholders	519,700,000	46.5
Total	**1,118,800,000**	**100.0**

(IV) INFORMATION OF THE OFFEROR

The Offeror, Smart Paradise International Limited, is a company incorporated in the British Virgin Islands with limited liability. The Offeror is an investment holding company and has not conducted any business since its incorporation. The entire issued share capital of the Offeror is wholly and beneficially owned by Mr. Dai, who is also the sole director of the Offeror.

Mr. Dai Jian (戴劍), aged 30, holds a bachelor's degree in Finance from The Great Wall University Beijing. He is an executive director and general manager of 河口縣錦鑫礦業有限公司 (transliterated as Hekou Jinxin Mining Limited Company*) since September 2016. He is serving 江陰市友佳珠光雲母有限公司 (transliterated as Jiangyin Youjia Pearlescent Mica Co. Ltd.*) as deputy manager of department of research and development since December 2013. 江陰市友佳珠光雲母有限公司 (transliterated as Jiangyin Youjia Pearlescent Mica Co. Ltd.*) is established in the PRC in 2003 and is a subsidiary of China Crystal New Material Holdings Co., Ltd. (中國晶體新材料控股有限公司), which is a company incorporated in the Cayman Islands with limited liability in February 2012 and has been listed in the trading board of stock exchange in South Korea since 28 January 2016 (KOSDAQ stock code: 900250).

Mr. Dai is also a deputy general manager of Jiangsu Province Special Synthetic Mica Engineering and Technology Research Center (江蘇省特種合成雲母工程技術研究中心) since January 2015, a center established by 江陰市友佳珠光雲母有限公司 (transliterated as Jiangyin Youjia Pearlescent Mica Co. Ltd.*) which is a provincial engineering and technology research center in Jiangsu Province. Mr. Dai has taken part in various research and development projects, including producing electronic mica via artificial synthesis (人工電子合成雲母), automated production system of artificial crystal synthetic mica, etc.

* *for identification purpose only*

(V) THE OFFEROR'S INTENTION IN RELATION TO THE GROUP

Regarding the business assets and employees of the Group

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will conduct a review on the financial position and the operations of the Company and will formulate long-term business plans and strategies of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. Save for the proposed change in Board composition set out below and subject to the result of the Offeror's review of the Company, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Regarding the Board composition

The Board is currently made up of eight Directors, comprising four executive Directors, being Mr. Lai Aizhong, Mr. Liu Winson Wing Sun, Mr. Kan Yiu Keung and Mr. Chan Lo Kin, one non-executive Director, being Mr. Kan Yiu Kwok and three independent non-executive Directors, being Ms. Tong Sze Wan, Mr. Guo Biao and Ms. Song Dan. It is intended that Mr. Kan Yiu Keung, Mr. Chan Lo Kin and Mr. Kan Yiu Kwok will resign with effect from the earliest time permitted under the Takeovers Code.

The Offeror at present intends to nominate Mr. Dai as the executive Director. The Offeror is in the course of identifying additional candidates for the Board subject to compliance with the Takeovers Code and the Listing Rules. The appointment of Director(s) nominated by the Offeror will not take effect earlier than the date of posting of the Composite Document in compliance with Rule 26.4 of the Takeovers Code.

Further announcement will be published by the Company in respect of the changes to the Board pursuant to the Takeovers Code and the Listing Rules as and when appropriate.

The detailed information of Mr. Dai is stated under section headed "(IV) Information of the Offeror" herein.

Maintaining the listing status of the Company

It is the intention of the Offeror to maintain the listing of the Company on the Main Board following the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offer, there may be insufficient public float of the Shares and therefore, trading in the Shares may be suspended until sufficient public float exists in the Shares.

The sole director of the Offeror and the new Director(s) to be nominated by the Offeror and appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror.

Compulsory acquisition

The Offeror and parties acting in concert with it do not intend to exercise any right which may be available to them to acquire compulsorily any Shares not tendered for acceptance under the Offer.

(VI) ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding further terms and conditions of the Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

(VII) GENERAL

This Composite Document has been prepared for the purposes of complying the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to paragraph headed "Overseas Shareholders" of Appendix I to this Composite Document.

All documents and remittances to be sent to the Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Shareholders at their respective addresses as they appear in the register of the members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. The Offeror and parties acting in concert with it, the Company, Kingston Corporate Finance, Shinco Capital, Kingston Securities, KGI Capital Asia, Messis Capital, the Registrar or professional advisers or any of their respective directors or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

(VIII) ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the advice of the Independent Board Committee, the recommendation of the Independent Financial Adviser and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

YAT SING HOLDINGS LIMITED
日成控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3708)

23 December 2016

Executive Directors:
Mr. Lai Aizhong *(Chairman)*
Mr. Liu Winson Wing Sun
Mr. Kan Yiu Keung *(Chief Executive Officer)*
Mr. Chan Lo Kin

Non-executive Director:
Mr. Kan Yiu Kwok

Independent non-executive Directors:
Ms. Tong Sze Wan
Mr. Guo Biao
Ms. Song Dan

Registered Office:
Clifton House, 75 Fort Street
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head Office and Principal Place of Business:
Room 1402, 14/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY KINGSTON SECURITIES LIMITED FOR AND ON BEHALF OF SMART PARADISE INTERNATIONAL LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF YAT SING HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY SMART PARADISE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement.

On 26 October 2016 (after trading hours of the Stock Exchange), the Offeror and the Vendor entered into a Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, representing approximately 53.5% of the total issued share capital of the Company as at the date of the Joint Announcement, at a cash consideration of HK$337,293,300 (equivalent to approximately HK$0.563 per Sale Share), free from all encumbrances and together with all rights now or hereafter attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date of Share Transfer Completion. The Share Transfer Completion took place on 27 October 2016.

Upon the Share Transfer Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it beneficially owned 599,100,000 Shares, representing approximately 53.5% of the total issued share capital of the Company.

In accordance with Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for the Offer Shares, being all the Shares in issue, other than those already owned by the Offeror or parties acting in concert with it.

Reference is made to the joint announcement published by the Offeror and the Company on 12 December 2016. It was announced that the SFC has indicated it is deeming an individual, Mr. Bao, who admitted to have acquired a certain number of Shares at HK$0.94 per Share during the six-month period prior to the commencement of the Offer Period and disposed of the same in full during the Offer Period and before the publication of the Joint Announcement, to be a party acting in concert with the Offeror. As such the Offeror would be required, under Rule 26.3 of the Takeovers Code, to increase the Previous Offer Price of HK$0.563 per Offer Share to the Revised Offer Price of HK$0.94 per Offer Share, which is equivalent to the price per Share paid by Mr. Bao for his acquisition.

While the Offeror disagrees that Mr. Bao shall be taken or deemed to be a party acting in concert with it, with a view to avoiding any further delay in the despatch of this Composite Document, and to completing the Offer as required under the Takeovers Code expeditiously, the Offeror proposed to increase the Previous Offer Price of HK$0.563 per Offer Share to the Revised Offer Price of HK$0.94 per Offer Share.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance and the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to acceptance.

THE OFFER

The following information about the Offer is extracted from the "Letter from Kingston Securities" contained in this Composite Document.

Kingston Securities is making, for and on behalf of the Offeror, the Offer to all the Independent Shareholders to acquire all the Offer Shares on the terms set out in this Composite Document on the following basis:

For each Offer Share. . . . . HK$0.94 in cash

The Revised Offer Price is higher than the price paid by the Offeror for each Sale Share pursuant to the Sale and Purchase Agreement and is equal to the price paid by Mr. Bao for his acquisition of Shares.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them on or after the date on which the Offer is made, being the date of despatch of this Composite Document, or subsequently becoming attached to them.

The Offer is unconditional in all respects and is for all existing issued Shares but excluding the Sale Shares and any other Shares already owned by the Offeror and parties acting in concert with it.

As stated in the "Letter from Kingston Securities", as the Offeror and parties acting in concert with it owned 599,100,000 Shares as at the Latest Practicable Date, 519,700,000 Shares are subject to the Offer and the total consideration of the Offer would be HK$488,518,000 based on the Revised Offer Price.

As at the Latest Practicable Date, the Company had 1,118,800,000 Shares in issue and the Company had no other outstanding warrants, options, derivatives or securities convertible into Shares.

Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the "Letter from Kingston Securities" in, and Appendix I to, this Composite Document and the Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an investment holding company and was incorporated in the Cayman Islands with limited liability on 17 September 2014 and its Shares have been listed on the Main Board since 14 January 2015 under the stock code 3708.

The Group is principally engaged in the provision of building maintenance services and renovation services in Hong Kong.

The following table is a summary of certain audited consolidated financial information of the Group for the two financial years ended 30 June 2016 as extracted from the Company's annual report 2016:

	Year ended 30 June	
	2015	**2016**
	HK$'000	*HK$'000*
Revenue	503,195	488,065
Gross profit	52,405	44,947
Profit before tax	16,487	17,146
Profit and total comprehensive income for the year	10,962	11,655

	As at 30 June	
	2015	**2016**
	HK$'000	*HK$'000*
Consolidated net asset value attributable to owners of the Company	158,648	170,229

Further financial and general information in relation to the Group is set out in Appendices II and IV to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, there are a total of 1,118,800,000 Shares in issue and the Company has no other outstanding warranties, options, derivatives or securities convertible into Shares. The table below sets out the shareholding structure of the Company as at the Latest Practicable Date:

Shareholders	**As at the Latest Practicable Date**	
	Number of Shares	*% of issued share capital*
Offeror and parties acting in concert with it	599,100,000	53.5
Other Shareholders	519,700,000	46.5
Total	1,118,800,000	100.0

INTENTION OF THE OFFEROR ON THE GROUP

Your attention is drawn to the sections headed "Information on the Offeror" as set out on page 14 of this Composite Document and "The Offeror's intention in relation to the Group" as set out on pages 15 to 16 of this Composite Document in the "Letter from Kingston Securities". The Board is aware of the intention of the Offeror in respect of the Company and is willing to co-operate with the Offeror and act in the best interest of the Company and its Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Board noted from the "Letter from Kingston Securities" that the Offeror intends to maintain the listing of the Company on the Main Board following the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (a) a false market exists or may exist in the trading of the Shares; or (b) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

In this connection, it should be noted that following the close of the Offer, there may be insufficient public float of the Shares and therefore, trading in the Shares may be suspended until sufficient public float exists in the Shares.

The sole director of the Offeror and the new Director(s) to be nominated by the Offeror and appointed to the Board and the then Director have jointly and severally undertaken to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float exists in the Shares.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising Ms. Tong Sze Wan, Mr. Guo Biao and Ms. Song Dan, being all the independent non-executive Directors, to advise the Independent Shareholders in respect of the Offer. The non-executive Director, namely Mr. Kan Yiu Kwok, is not included in the Independent Board Committee as he owns approximately 11.16% of the shareholding interest in Vendor and he is also the son of Mr. Kan Man Hoo and the brother of Mr. Kan Yiu Keung, who respectively owns approximately 6.42% and 11.16% of the shareholding interest in Vendor.

Messis Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" on pages 24 to 25 of this Composite Document, which sets out its advice and recommendations to the Independent Shareholders in relation to the Offer; and (ii) the "Letter from the Independent Financial Adviser" on pages 26 to 47 of this Composite Document, which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board
Yat Sing Holdings Limited
Lai Aizhong
Chairman

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.

YAT SING HOLDINGS LIMITED

日成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3708)

23 December 2016

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY CASH OFFER BY KINGSTON SECURITIES LIMITED FOR AND ON BEHALF OF SMART PARADISE INTERNATIONAL LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF YAT SING HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY SMART PARADISE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to the Composite Document dated 23 December 2016 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and to make a recommendation as to acceptance thereof.

Messis Capital has been appointed as the Independent Financial Adviser to advise us in these regards. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from the Independent Financial Adviser" on pages 26 to 47 of the Composite Document and you are recommended to read the full text of the letter.

We also wish to draw your attention to the "Letter from the Board", "Letter from Kingston Securities" and the additional information set out in the appendices to this Composite Document.

RECOMMENDATION

Having taken into account the terms of the Offer and the advice from the Independent Financial Adviser and the principal factors taken into account in arriving at its recommendation, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer.

However, Independent Shareholders who wish to realise their investments in the Company are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance.

Yours faithfully,
Independent Board Committee
Yat Sing Holdings Limited

Ms. Tong Sze Wan	**Mr. Guo Biao**	**Ms. Song Dan**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee for inclusion in the Composite Document.

大有融資有限公司
MESSIS CAPITAL LIMITED

23 December 2016

To: The Independent Board Committee of Yat Sing Holdings Limited

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF
SMART PARADISE INTERNATIONAL LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF YAT SING HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY SMART PARADISE INTERNATIONAL LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 23 December 2016, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

On 26 October 2016 (after trading hours of the Stock Exchange), the Offeror and the Vendor, being the then controlling Shareholder, entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the 599,100,000 Sale Shares, representing approximately 53.5% of the total issued share capital of the Company as at the date of the Joint Announcement, at a cash consideration of HK$337,293,300 (equivalent to approximately HK$0.563 per Sale Share). Completion of the Sale and Purchase Agreement took place on 27 October 2016.

Upon the Share Transfer Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it beneficially own 599,100,000 Shares, representing approximately 53.5% of the total number of issued Shares. Pursuant to Rule 26.1 of Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, the Company has 1,118,800,000 Shares in issue and the Company has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company with any parties.

THE INDEPENDENT BOARD COMMITTEE

In accordance with Rule 2.1 of the Takeovers Code, an Independent Board Committee comprising all independent non-executive Directors, namely Ms. Tong Sze Wan, Mr. Guo Biao and Ms. Song Dan, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Shareholders should accept the Offer. The non-executive Director, namely Mr. Kan Yiu Kwok, is not included in the Independent Board Committee as he owns approximately 11.16% of the shareholding interest in Vendor and he is also the son of Mr. Kan Man Hoo and the brother of Mr. Kan Yiu Keung (an executive Director and chief executive officer of the Company), who respectively owns approximately 6.42% and 11.16% of the shareholding interest in the Vendor.

We, Messis Capital Limited, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in relation to the Offer. Our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee as to (i) whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether the Offer should be accepted.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, the Vendor or the Offeror, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are considered suitable to give independent advice to the Independent Board Committee in respect of the Offer. In the last two years, we have not acted as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company. Apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company, the Vendor or the Offeror, their respective controlling shareholders or any other party acting or presumed to be acting, in concert with any of them that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Composite Document and the information and representations provide to us by the Directors and the management of the Company. We have reviewed, inter alia, the Composite Document and the annual reports of the Company for the year ended 30 June 2015 and 2016. We have also (i) conducted verbal discussions with the management of the Company regarding the businesses and future outlook of the Group; and (ii) researched and considered market data which we deemed relevant in arriving at our recommendation. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendor and parties acting in concert with them (excluding the Offeror and parties acting in concert with it)), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter contains our advice to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Offer, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

1. Financial information of the Group and outlook

(a) Historical financial information of the Group

The Group principally engages in the provision of building maintenance and renovation service in Hong Kong.

Set out below are financial results of the Group extracted from (i) the consolidated income statement of the Group for the three years ended 30 June 2016; and (ii) the consolidated statement of financial position of the Group for the two years ended 30 June 2016, respectively:

Table 1: Consolidated income statement of the Group

	For the year ended 30 June		
	2016	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)
Revenue	488,065	503,195	600,392
– Percentage change	(3.0%)	(16.2%)	N/A
Gross Profit	44,947	52,405	55,763
– Percentage change	(14.2%)	(6.0%)	N/A
Profit for the year	11,655	10,962	46,179
– Percentage change	6.3%	(76.3%)	N/A

Table 2: Profit for the year after adjusting for one off listing expenses and loss/gain on disposal of property, plant and equipment

	For the year ended 30 June		
	2016	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year	11,655	10,962	46,179
Add:			
Listing expenses	–	12,121	2,573
Loss/(gain) on disposal of property, plant and equipment	216	53	(14,026)
Adjusted profit for the year	11,871	23,136	34,726

Table 3: Consolidated statement of financial position of the Group

	As at 30 June	
	2016	**2015**
	HK$'000	*HK$'000*
	(audited)	(audited)
Non-current assets	7,854	5,527
Current assets	274,490	303,749
Non-current liabilities	(1,343)	(856)
Current liabilities	(110,281)	(149,355)
Net current assets	164,209	154,394
Net assets attributable to owners of the Company	170,229	158,648

Financial year ended 30 June 2016 versus financial year ended 30 June 2015

According to the annual report of the Company for the year ended 30 June 2016 (the "**Annual Report 2016**"), the principal source of revenue of the Group was derived from building maintenance and renovation services, which respectively contributed to approximately 69.9% and 30.1% of the total revenue of the Group for the year ended 30 June 2016 ("**FY2016**").

As set out in the Table 1 above, the revenue of the Group decreased from approximately HK$503.2 million for the year ended 30 June 2015 ("**FY2015**") to approximately HK$488.1 million for FY2016, representing a decrease of approximately 3.0%. For the building maintenance services segment, as at 30 June 2016, the Group had building maintenance contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK$1,072.3 million, which was lower than that of approximately HK$1,400.1 million as at 30 June 2015. During FY2016, the Group recorded revenue of approximately HK$341.3 million from the building maintenance segment, as compared to that of approximately HK$316.7 million in FY2015. The increase in segment revenue derived from building maintenance services was mainly due to the commencement of two district term contracts during FY2016 and more work orders were carried out as compared to FY2015. For the renovation services segment, as at 30 June 2016, the Group had renovation contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK$362.7 million, which was slightly higher than that of approximately HK$296.7 million as at 30 June 2015. During FY2016, the Group recorded segment revenue of approximately HK$146.7 million from the renovation services segment, which was lower than that of approximately HK$186.5 million in FY2015. The decrease in revenue derived from renovation services was mainly caused by the completion of several significant contracts during FY2015.

Gross profit of the Group decreased from approximately HK$52.4 million in FY2015 to approximately HK$44.9 million in FY2016. Gross profit margin decreased from approximately 10.4% in FY2015 to approximately 9.2% in FY2016 mainly due to the increase in costs for the new district term contracts for building maintenance services of the Group and the completion of several significant contracts for renovation services with higher gross profit margin during FY2016 where a larger portion of gross profits were contributed by these high margin contracts during FY2015. The Group's profit for the year increased slightly by approximately HK$0.7 million or 6.3% from approximately HK$11.0 million for FY2015 to approximately HK$11.7 million in FY2016. According to the Annual Report 2016, the increase in profit for FY2016 was mainly due to the decrease in administrative expenses which were professional fees related to the listing of the Shares on the Stock Exchange in FY2015. With reference to Table 2 above, the profit for the year after adjusting for one off listing expenses and loss/gain on disposal of property, plant and equipment would decreased from approximately HK$23.1 million for FY2015 to HK$11.9 million for FY2016, representing a decrease of approximately 48.7%.

As set out in the Table 3 above, as at 30 June 2016, the Group recorded net current assets and net assets attributable to owners of the Company of approximately HK$164.2 million and HK$170.2 million respectively.

Financial year ended 30 June 2015 versus financial year ended 30 June 2014

According to the annual report of the Company for FY2015, the principal source of revenue of the Group was derived from building maintenance and renovation services, which respectively contributed to approximately 62.9% and 37.1% of the total revenue of the Group for FY2015.

As set out in the Table 1 above, the revenue of the Group decreased from approximately HK$600.4 million for the year ended 30 June 2014 ("**FY2014**") to approximately HK$503.2 million for FY2015, representing a decrease of approximately 16.2%. For the building maintenance services segment, as at 30 June 2015, the Group had building maintenance contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK$1,400.1 million, which was similar to that of approximately HK$1,374.7 million as at 30 June 2014. During FY2015, the Group recorded revenue of approximately HK$316.7 million from the building maintenance segment, as compared to that of approximately HK$401.9 million in FY2014. The decrease in segment revenue derived from building maintenance services was mainly due to the decreased work orders for some district term contracts which no longer issued to the Group upon contract expiration and delay in progress of several projects during FY2015. For the renovation services segment, as at 30 June 2015, the Group had renovation contracts on hand (including contracts in progress and contracts which are yet to commence) with a notional or estimated contract value of approximately HK$296.7 million, which such value was similar to that of approximately HK$296.9 million as at 30 June 2014. During FY2015, the Group recorded revenue of approximately HK$186.5 million from the renovation services segment, which was lower than that of approximately HK$198.5 million in FY2014. The decrease in revenue derived from renovation services was mainly caused by the unsuccessful tender for a renovation term contract with an educational institution which has generated steady revenue over years before its expiry in FY2015 and delay in progress for the project in respect of the conversion of usage of an industrial building.

Gross profit of the Group decreased from approximately HK$55.8 million in FY2014 to approximately HK$52.4 million in FY2015. The Group's profit for the year decreased significantly by approximately HK$35.2 million or 76.3% from approximately HK$46.2 million for FY2014 to approximately HK$11.0 million in FY2015. According to the management of the Company, the decrease in profit for FY2015 was mainly due to (i) the increase in administrative expenses by approximately HK$19.9 million of which professional fees of approximately HK$12.1 million was related to the listing of the Shares on the Stock Exchange in FY2015; and (ii) the decrease in other income arising from the one off gain on disposal of property, plant and equipment in FY2014 amounting to approximately HK$14.0 million. With reference to Table 2 above, the profit for the year after adjusting for one off listing expenses and loss/gain on disposal of property, plant and equipment would decreased from approximately HK$34.7 million for FY2014 to HK$23.1 million for FY2015, representing a decrease of approximately 33.4%..

As set out in the Table 2 above, as at 30 June 2015, the Group recorded net current assets and net assets attributable to owners of the Company of approximately HK$154.4 million and HK$158.6 million respectively.

The revenue and gross profit of the Group have shown a decreasing trend for the three years ended 30 June 2016. The profit for the year after adjusting for one off listing expenses and loss/gain on disposal of property, plant and equipment also showed a consistent decrease upon listing in FY2015.

(b) Prospect and outlook of the Group

The Group is principally engaged in the provision of building maintenance services and renovation services in Hong Kong. We have, accordingly, study the building services installation and maintenance industry in Hong Kong, in particular, its market size and competitive landscape.

Table 4: Statistics on building services installation and maintenance industry in Hong Kong

	2012	**2013**	**2014**
Gross value of construction works performed *(HK$ million)*	50,567	63,089	69,973
Number of establishments	7,282	7,075	7,669

Source: Key statistics on business performance and operating characteristics of the building, construction and real estate sectors in 2014 (December 2015), Census and Statistics Department of Hong Kong SAR

Table 5: Gross value of general trades construction works in nominal terms (Note)

	2012	2013	2014	2015
Main contractor *(HK$ million)*	40,402	44,600	53,827	54,688
Subcontractor *(HK$ million)*	23,098	26,378	29,247	25,750
Total	63,500	70,978	83,074	80,438

Source: *Report on the quarterly survey of construction output, Census and Statistics Department of Hong Kong SAR*

Note: General trade include decoration, repair and maintenance, and construction works at minor work locations such as site investigation, demolition, and structural alteration and addition works.

As shown in Table 4 above which is extracted from the latest available report published by the Census and Statistics Department of Hong Kong SAR, the total gross value of construction works performed of the building services installation and maintenance industry in Hong Kong has been increasing from the year 2012 to year 2014. The industry showed an expansion where the gross value increased from approximately HK$50.6 billion in 2012 to approximately HK$70.0 billion in 2014. On the other hand, it is noted that there has been keen competition among the market players as shown by the increasing number of establishments from 7,282 in 2012 to 7,669 in 2014. We have also conducted research on the gross value of general trades construction works which covers the gross value contributed by the industry in which the Group is currently operating to give an insight into the growth and development of building maintenance and renovation industry. As shown in Table 5 above which is extracted from the latest available report published by the Census and Statistics Department of Hong Kong SAR, the gross value of general trades construction works contributed by main contractors has increased during the past years. Such gross value contributed by main contractors increased from approximately HK$40.4 billion in 2012 to approximately HK$54.7 billion in 2015.

Notwithstanding that both the gross value of construction works performed by the building services installation and maintenance industry in Hong Kong and the gross value of general trades construction works contributed by main contractors are growing over the years, competition in the industry may be intensified by the increasing number of establishments as shown above. While the size and scale of the establishments are not revealed in the reports published by the Census and Statistics Department of Hong Kong, we consider that the Group is, to a certain extent, facing challenges from more market players and remain cautious about the outlook of the Group's business.

2. Principal terms of the Offer

(a) The Offer

Kingston Securities, for an on behalf of the Offeror, is making the Offer to acquire all the Offer Shares in compliance with the Takeovers Code on the following basis:

For each Offer Share . . . . **HK$0.94 in cash**

The joint announcement published by the Offeror and the Company on 12 December 2016 announced that the SFC has indicated it is deeming an individual, Mr. Bao, who admitted to have acquired a certain number of Shares at HK$0.94 per Share during the six-month period prior to the commencement of the Offer Period and disposed of the same in full during the Offer Period and before the publication of the Joint Announcement, to be a party acting in concert with the Offeror. As such the Offeror would be required, under Rule 26.3 of the Takeovers Code, to increase the Previous Offer Price of HK$0.563 per Offer Share to the Revised Offer Price of HK$0.94 per Offer Share, which is equivalent to the price per Share paid by Mr. Bao for his acquisition of Shares.

The Revised Offer Price is higher than the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and is equal to the purchase price paid by Mr. Bao for his acquisition of Shares. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

The Revised Offer Price of HK$0.94 per Offer Share represents:

(i) an increase of approximately 66.96% as compared to the Previous Offer Price of HK$0.563 per Offer Share;

(ii) discount of approximately 32.37% to the closing price of HK$1.39 per Share as quoted on the Stock Exchange on the 29 September 2016, being the commencement date of the Offer Period;

(iii) a discount of approximately 77.18% to the closing price of HK$4.12 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iv) a discount of approximately 74.83% to the average closing price of approximately HK$3.734 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;

(v) a discount of approximately 71.88% to the average closing price of approximately HK$3.343 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;

(vi) a discount of approximately 51.42% to the average closing price of HK$1.935 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;

(vii) a discount of approximately 75.84% to the closing price of HK$3.89 per Share as quoted on the Stock Exchange on 12 December 2016, being the date of joint announcement on announcing the Revised Offer Price;

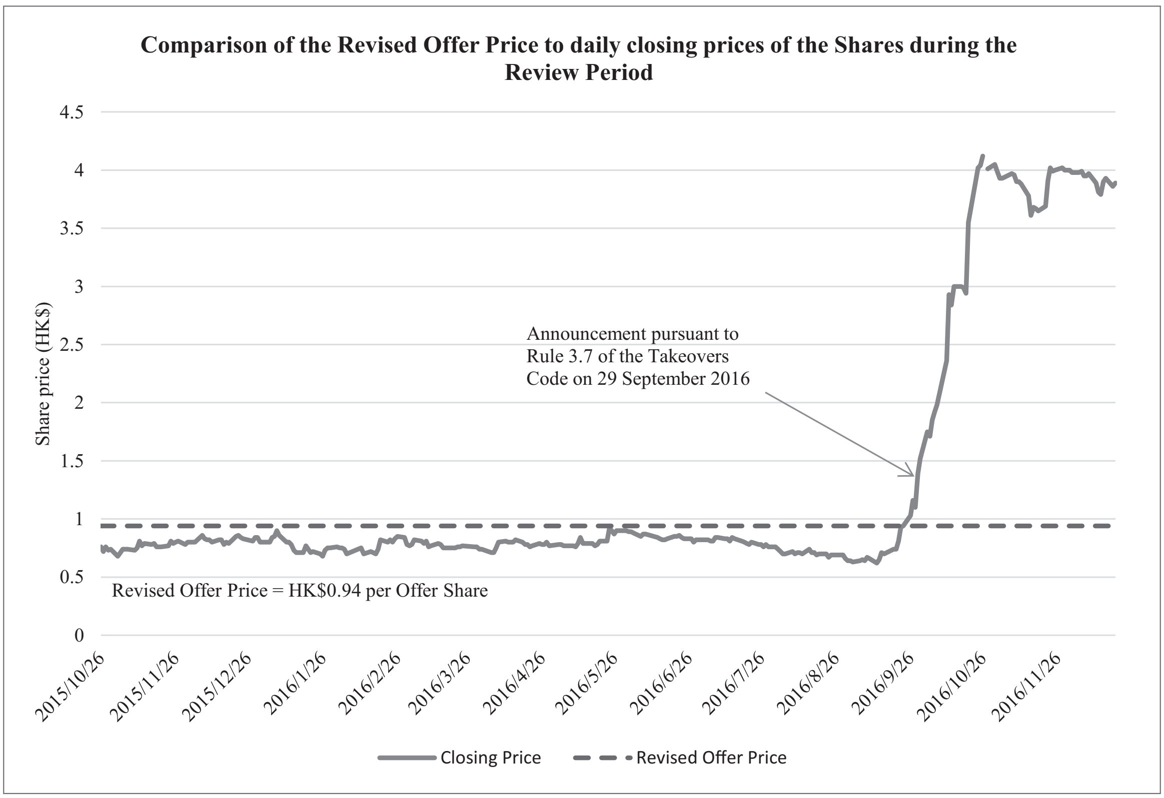
(viii) a discount of approximately 75.9% to the closing price of HK$3.90 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(ix) a premium of approximately 517.61% over the audited consolidated net assets value attributable to the Shareholders per Share of approximately HK$0.1522 as at 30 June 2016, the date on which the latest audited financial results of the Group were made up (based on the Company's audited consolidated net asset value attributable to the Shareholders of approximately HK$170,229,000 as at 30 June 2016 and 1,118,800,000 Shares in issue as at the date of the Joint Announcement).

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in Appendix I of the Composite Document.

3. Historical Share price performance

Set out below is a chart showing the daily closing prices of the Shares as quoted on the Stock Exchange during the period from 26 October 2015, being the date which is 12 months prior to the Last Trading Day, up to and including the Latest Practicable Date which we consider to be reasonably long enough to illustrate the relationship between the historical trend of the closing price of the Share and the Offer (the "**Review Period**"):



Source: website of the Stock Exchange (http://www.hkex.com.hk)

Prior to the announcement of possible general offer by the Group to comply with Rule 3.7 of the Takeovers Code on 29 September 2016 (the "**Rule 3.7 Announcement**"), the lowest closing price of the Share was HK$0.62 per Share recorded on 12 September 2016 while the highest closing price of the Share was HK$1.39 per Share recorded on 29 September 2016, just on the same day of release of the Rule 3.7 Announcement during the Review Period. The average daily closing price of the Shares during the Review Period before the release of the Rule 3.7 Announcement is HK$0.78 per Share. The Revised Offer Price of HK$0.94 per Share represents (i) a premium of approximately 51.6% to the lowest closing price during the Review Period before the release of the Rule 3.7 Announcement; (ii) a discount of approximately 19.0% to the highest closing price during the Review Period before the release of the Rule 3.7 Announcement; and (iii) a premium of approximately 20.5% to the average daily closing price during the Review Period before the release of the Rule 3.7 Announcement.

Upon release of the Rule 3.7 Announcement, the Share price surged from HK$1.39 on 29 September 2016 to HK$4.12 on 26 October 2016, being the Last Trading Day, reaching the record high since the listing of the Shares on the Stock Exchange. We have discussed with the management of the Company regarding this unusual price movement and they are not aware of any reasons for such dramatic increase in Share price. We are of the view that such dramatic increase in price after the release of Rule 3.7 Announcement was due to market speculation on the possible takeover and future development of the Group after a change in control. It is noted that the Offeror intends to continue with the Group's existing principal business and no corporate actions or plans in relation to the future development of the Group have been materialised as at the Latest Practicable Date. In the event that the Group cannot explore new drivers for its business and the operation remain unchanged, the market may reverse its view on the prospect of the Group and the Share price may fall back. Accordingly, we consider the price trend prior to the Rule 3.7 Announcement more appropriately reflects the fundamentals of the Group.

Having considered that the Revised Offer Price represents a premium of approximately 20.5% to the average daily closing price during the Review Period before the release of the Rule 3.7 Announcement which we consider more appropriately reflects the fundamentals of the Group, we are of the view that the Revised Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

4. Liquidity of the Shares

The table below sets out the trading volume of the Shares during the Review Period:

	Total monthly trading volume of the Shares *(Thousand Shares)*	Number of trading days	Average daily trading volume of the Shares *(Approximate thousand Shares)*	Percentage of average daily trading volume to total number of Shares in issue *(Approximate %)* *(Note 1)*	Percentage of average daily trading volume to the total number of Shares held by the Independent Shareholders as at the end of each month *(Approximate %)* *(Note 2)*
2015					
October (commencing from 26 October 2015)	10,610	5	2,122	0.19%	0.41%
November	22,385	21	1,066	0.10%	0.21%
December	102,570	22	4,662	0.42%	0.90%
2016					
January	86,145	20	4,307	0.38%	0.93%
February	133,450	18	7,414	0.66%	2.32%
March	44,400	21	2,114	0.19%	0.66%
April	30,320	20	1,516	0.14%	0.47%
May	110,695	21	5,271	0.47%	1.72%
June	32,590	21	1,552	0.14%	0.51%
July	10,490	20	525	0.05%	0.17%
August	18,975	22	863	0.08%	0.28%
September	172,380	21	8,209	0.73%	2.65%
October	214,418	19	11,285	1.01%	3.69%
November	44,192	22	2,009	0.18%	0.66%
December (up to and including the Latest Practicable Date)	19,362	15	1,291	0.12%	0.42%

Source: website of the Stock Exchange (http://www.hkex.com.hk)

Note: 1. Based on the number of issued Shares as at the Latest Practicable Date, which remained the same throughout the whole Review Period.

2. Based on the number of Shares held by public as at the end of each month.

As illustrated in the table above, the average daily trading volume of the Shares during the Review Period ranged from approximately 525,000 Shares to approximately 11,285,000 Shares, representing approximately 0.05% to approximately 1.01% of the total number of the Shares in issue as at the Latest Practicable Date. If only the Shares held by the Independent Shareholders as at the end of each month, i.e. the free float, are considered in calculating the percentage of average daily trading volume per month during the Review Period, the percentage ranged from approximately 0.17% to approximately 3.69%.

We note that the trading volume of the Shares in September 2016 increased significantly due to the increase in trading volume from 26 September 2016 to 29 September 2016. The Company subsequently announced, on 29 September 2016, that the Directors were not aware of any reason for such unusual price and volume movements. The daily trading volume of the Shares surged after the publication of the Rule 3.7 Announcement, i.e. period commencing 29 September 2016. We believe that such significant increase in trading volume of the Shares was likely due to the market reaction to the possible general offer which was in line with the dramatic increase in price of the Shares during the same period. If only the free float is considered, we note that the average daily trading volume is relatively higher in January at 0.93%, February at 2.32%, May at 1.72%, September at 2.65% and October at 3.69% during the Review Period. We note that there was change in shareholding by substantial shareholders in each of these months where the shares held by substantial shareholders changed from 599,100,000 Shares in December 2015 to 658,105,000 Shares in January 2016; from 658,105,000 Shares in January 2016 to 799,530,000 Shares in February 2016; from 799,530,000 Shares in April 2016 to 812,580,000 Shares in May 2016; from 812,580,000 Shares in August 2016 to 808,895,000 Shares in September 2016; and from 808,895,000 Shares in September 2016 to 813,005,000 Shares in October 2016, which may possibly lead to market reaction and the increase in trading volume in these months. Save for the aforesaid periods, the historical trading volume of the Shares was relatively thin during the Review Period.

Given the generally thin historical average daily trading volume of the Shares, it is uncertain that the overall liquidity of the Shares could be maintained and that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. We, therefore, consider that the Offer provides the Independent Shareholders with an assured exit if they wish to realise their investments in the Shares.

5. Comparable companies analysis

The principal activities of the Group are the provision of building maintenance and renovation services in Hong Kong. In assessing the fairness and reasonableness of the Offer Price, we attempted to compare the price-to-earnings ratio ("**P/E Ratio**") and the price-to-book ratio ("**P/B Ratio**"), which are commonly used benchmark in valuing a company, to other listed companies on the Stock Exchange.

We identified a complete and an exhaustive list of 7 companies (the "**Comparable Companies**") which (i) are principally engaged in the provision of fitting-out, building maintenance and renovation services in Hong Kong with a major portion of over 60% of total revenue of the respective company contributed by the relevant operating segment which we consider these companies to be substantially involved in businesses similar to that of the Company; and (ii) have their shares listed on the Main Board of the Stock Exchange. We consider that while the Company and the Comparable Companies are not closely similar in terms of, among others, financial performance, financial position and market capitalization, the supply and demand of the building maintenance and renovation services, and therefore the fundamentals of such companies engaged in the provision of fitting-out, interior renovation work and maintenance services, are in general affected by similar macro-economic factors including, but not limited to, economy and outlook, prices of raw materials, demand from customers. Based on the foregoing, we consider the Comparable Companies as fair and representative comparable, the analysis of which is useful for assessing the fairness and reasonableness of the Offer Price. The following table sets out the details of the Comparable Companies:

Company name	**Stock code**	**Relevant operating segment**	**Percentage of segment revenue to total revenue** (%)	**Closing price** *(Note 1)* *(HK$)*	**Market capitalisation** *(Note 2)* *(HK$ million)*	**P/E Ratio** *(Note 3)*	**P/B Ratio** *(Note 4)*
Deson Development International Holdings Ltd.	262	Provision of electrical and mechanical engineering services	89.9%	0.345	337.4	2.39	0.25
Yau Lee Holdings Limited	406	Building construction, plumbing, renovation, maintenance and fitting-out	73.8%	1.01	442.4	N/A *(Note 5)*	0.32
Hanison Construction Holdings Limited	896	Building construction, interior and renovation works	71.7%	1.39	1,441.6	2.27	0.53
SOCAM Development Limited	983	Construction, interior fit-out, renovation and maintenance of building premises	89.3%	3.08	1,492.0	N/A *(Note 5)*	0.27
SFK Construction Holdings Ltd.	1447	Provision of engineering services of substructure or superstructure of building structures and maintenance, repairs, alterations services and additions to building structures	66.2%	1.97	788.0	10.95	1.64
LC Group Holdings Limited	1683	Provide one-stop integrated interior design solutions in Hong Kong, including design, fit out and decoration, and also responsible for the overall project management.	100%	1.61	805.0	37.87	6.08
IBI Group Holdings Limited	1547	Providing building renovation services including fitting-out projects; and alteration and addition projects.	100%	0.39	312.0	11.04	4.72
					Average	12.90	1.97
					Maximum	37.87	6.08
					Minimum	2.27	0.25
The Group *(Note 6)*				0.94	1,051.7	90.23	6.16

Source: *website of the Stock Exchange (http://www.hkex.com.hk)*

Notes:

1. Based on the closing price as quoted on the Stock Exchange on 26 October 2016, being the date of the Sale and Purchase Agreement.

2. Based on the number of shares in issue as at 31 October 2016, of the respective Comparable Companies.

3. Market capitalisation divided by the net profit from the latest annual report of the respective Comparable Companies.

4. Market capitalisation divided by the net asset from the latest annual report of the respective Comparable Companies.

5. P/E Ratio of these Comparable Companies are not calculated since they recorded losses during the latest financial year. P/B Ratio of these companies are comparable to the Company given that the Comparable Companies fully satisfy with the selection criteria.

6. Calculated based on the valuation of the entire equity of the Group with reference to the Revised Offer Price of approximately HK$1,051.7 million, the audited profit after taxation of the Group for the year ended 30 June 2016 of approximately HK$11.7 million and the net asset value as at 30 June 2016 of approximately HK$170.7 million.

As illustrated in the table set out above, the P/E Ratio of the Comparable Companies ranged from approximately 2.27 times to approximately 37.87 times, with an average of approximately 12.90 times. Accordingly, the implied P/E Ratio of the Revised Offer Price of approximately 90.23 times is (i) within the range of the Comparable Companies' P/E Ratio; and (ii) higher than the average P/E Ratio of the Comparable Companies. The P/B Ratio of the Comparable Companies ranged from approximately 0.25 times to approximately 6.08 times, with an average of approximately 1.97 times. Accordingly, the implied P/B Ratio of the Revised Offer Price of approximately 6.16 times is (i) within the range of the Comparable Companies' P/B Ratio; and (ii) higher than the average P/B Ratio of the Comparable Companies. Accordingly, we are of the view that the Revised Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

6. Information on the Offeror and the intention of the Offeror in relation to the Group

(a) Information of the Offeror

As stated in the "Letter from Kingston Securities" contained in the Composite Document, the Offeror is a company incorporated in the British Virgin Islands, with limited liability. The Offeror is an investment holding company and has not conducted any business since its incorporation. The entire issued share capital of the Offeror is wholly and beneficially owned by Mr. Dai, who is also the sole director of the Offeror.

Mr. Dai, aged 30, holds a bachelor's degree in Finance from The Great Wall University Beijing. He is an executive director and general manager of 河口縣錦鑫礦業有限公司 (transliterated as Hekou Jinxin Mining Limited Company*) since September 2016. Currently, he has also been serving 江陰市友佳珠光雲母有限公司 (transliterated as Jiangyin Youjia Pearlescent Mica Co. Ltd.*) as deputy manager of department of research and development since December 2013. 江陰市友佳珠光雲母有限公司 (transliterated as Jiangyin Youjia Pearlescent Mica Co. Ltd.*) is established in the PRC in 2003 and is a subsidiary of China Crystal New Material Holdings Co., Ltd. (中國晶體新材料控股有限公司), which is a company incorporated in the Cayman Islands with limited liability in February 2012 and has been listed in the trading board of stock exchange in South Korea since 28 January 2016 (KOSDAQ stock code: 900250).

Mr. Dai is also a deputy general manager of Jiangsu Province Special Synthetic Mica Engineering and Technology Research Center (江蘇省特種合成雲母工程技術研究中心) since January 2015, a centre established by 江陰市友佳珠光雲母有限公司 (transliterated as Jiangyin Youjia Pearlescent Mica Co. Ltd.*) which is a provincial engineering and technology research centre in Jiangsu Province. Mr. Dai has taken part in various research and development projects, including producing electronic mica via artificial synthesis (人工電子合成云母), automated production system of artificial crystal synthetic mica, etc.

(b) Intention of the Offeror

It is the intention of the Offeror to continue with the Group's existing principal business following the close of the Offer. The Offeror will conduct a review on the financial position and the operations of the Company and will formulate long-term business plans and strategy of the Company, explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

As at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of any employees of the Group (except for the proposed nomination of new director to the Board as detailed in the paragraph headed "The Offeror's intention in relation to the Group" in the "Letter from Kingston Securities" in the Composite Document) or to redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

(c) Regarding the Board composition

The Board is currently made up of eight Directors, comprising four executive Directors, being Mr. Lai Aizhong, Mr. Liu Winson Wing Sun, Mr. Kan Yiu Keung and Mr. Chan Lo Kin, one non-executive Director, being Mr. Kan Yiu Kwok and three independent non-executive Directors, being Ms. Tong Sze Wan, Mr. Guo Biao and Ms. Song Dan. It is intended that Mr. Kan Yiu Keung, Mr. Chan Lo Kin and Mr. Kan Yiu Kwok will resign with effect from the earliest time permitted under the Takeovers Code. The Offeror at present intends to nominate Mr. Dai as the executive Director. The Offeror is in the course of identifying additional candidates for the Board subject to compliance with the Takeovers Code and the Listing Rules. The appointment of Director(s) nominated by the Offeror will not take effect earlier than the date of posting of the Composite Document in compliance with Rule 26.4 of the Takeovers Code. Further announcement(s) will be published by the Company in respect of the changes to the Board pursuant to the Takeovers Code and the Listing Rules as and when appropriate.

Biographical details of Mr. Dai are set out in the paragraph headed "Information of the Offeror" above. To assess whether the Mr. Dai has relevant experiences to manage the Company in the future, we have reviewed the biographies of Mr. Dai and observed that Mr. Dai has management experience in research and development projects in the PRC but does not have direct experience in the provision of building maintenance and renovation services in Hong Kong, in which the Group is principally engaged.

Since the Offeror does not intend to introduce any major changes to the existing operation and business of the Company or re-deploy the employees and all the existing Directors will remain unchanged, the Directors expect the operation of the Group will not be materially affected in the immediate future by the new joining of Mr. Dai.

In view of above, we consider that it is uncertain that the proposed changes of the Board would have positive or negative impact on the existing business of the Group and its future development. Shareholders should form their own judgment as to the commercial attractiveness of the effect of the new management on the Group.

RECOMMENDATION

We note that the Company is listed relatively recently in January 2015. In light of the deteriorated financial performance of the Group as evidenced by the consistent decrease in profit for the year after adjusting for one off listing expenses and loss/gain on disposal of property, plant and equipment since its listing, we do not consider the listing price of HK$0.6 per Share a meaningful reference to evaluate the fairness and reasonableness of the Offer Price under different situation and financial status of the Group. Accordingly, we base our advice solely on the principal factors analysed throughout this letter.

Having considered the abovementioned principal factors and reasons for the Offer, in particular that:

(i) the deteriorating financial results of the Group in terms of revenue and profit in recent years, in particular, (a) revenue have been declining since FY2014 from approximately HK$600.4 million to approximately HK$488.1 million in FY2016, representing a decrease of approximately 18.7%; (b) gross profit have been declining since FY2014 of approximately HK$55.8 million to approximately HK$44.9 million in FY2016, representing a decrease of approximately 19.4%; and (c) profit for the year after adjusting for one off listing expenses and loss/gain on disposal of property, plant and equipment showed a consistent decrease upon listing in FY2015 without a significant sign of recovery as analysed in the paragraph headed "Historical financial information of the Group" above;

(ii) the uncertainty of the outlook of the Group's business given the challenges from more market players and intensified market competition as discussed in the paragraph headed "Prospect and outlook of the Group" above;

(iii) the Revised Offer Price of HK$0.94 represents a premium of approximately 517.61% over the audited consolidated net assets value attributable to the Shareholders per Share of approximately HK$0.1522 as at 30 June 2016, the date on which the latest audited financial results of the Group were made up;

(iv) the Revised Offer Price represents a premium of approximately 20.5% to the average daily closing price during the Review Period before the release of the Rule 3.7 Announcement which we consider more appropriately reflects the fundamentals of the Group;

(v) the surge in price of the Share after the release of Rule 3.7 Announcement was due to market speculation which may not be sustainable as analysed in the paragraph headed "Historical Share price performance" above;

(vi) the implied P/E Ratio and P/B Ratio represented by the Revised Offer Price are both within the higher and better than that of the Comparable Companies as analysed in the paragraph headed "Comparable companies analysis";

(vii) the historical trading volume of the Shares was generally thin during the Review Period and the sustainability of the recent level of trading volume of the Shares after the Offer Period is uncertain. The Offer provides the Independent Shareholders with an assured exit if they wish to realise their investments in the Shares; and

(viii) the change in Board composition cast an uncertainty on the future development of the Group,

we are of the opinion that although the Revised Offer Price represents discounts to the recent closing price of the Share, terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer. In view of the volatility of market conditions, those Independent Shareholders who intend to accept the Offer are reminded that they should closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

In addition, the Independent Shareholders who wish to realise their investments in the Company in the open market should also consider and monitor the trading volume of the Shares during the Offer Period as, having taken into account the thin historical trading volume of the Shares on the Stock Exchange as discussed in the paragraph headed "Liquidity of the Shares" of this letter, they may experience difficulty in disposing of their Shares in the open market without creating downward pressure on the price of the Shares.

As each individual Independent Shareholder would have different investment objectives and/ or circumstances, we would recommend the Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompany Forms of Acceptance.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Robert Siu
Managing Director

Erica Law
Director

Note: Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

Ms. Erica Law is a licensed person registered with the SFC and a responsible officer of Messis Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 5 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.

1.1 The Offer

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong marked "**Yat Sing Holdings Limited – Offer**" on the envelope as soon as possible but in any event reaching the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASSS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Kingston Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the duly completed and signed Form of Acceptance.

(d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar.

(e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar on or before the latest time for the acceptance of the Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Independent Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(f) Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholders on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

(g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s)) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

2. SETTLEMENT UNDER THE OFFER

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount due to each of the Independent Shareholders who accept the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days after the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid.

Settlement of consideration to which any Independent Shareholder is entitled under the Offer, will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the duly completed and signed Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.

(b) If the Offer is extended, the Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next Closing Date or, a statement that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.

(c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended or expired. The announcement will state the following:

(i) the total number of Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and

(iii) the total number of Shares acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar, no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

(c) As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders (as the case may be) shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

7. OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be affected by the laws of the relevant jurisdictions. The Overseas Shareholders should observe any applicable legal or regulatory requirements. The Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. The Overseas Shareholders will also be fully responsible for the payment of any transfer or other taxes and duties due from the accepting Overseas Shareholders payable in respect of all relevant jurisdictions in connection with acceptance of the Offer. Acceptance of the Offer by the Overseas Shareholders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

8. GENERAL

(i) All communications, notices, Form of Acceptance, share certificates, transfer receipts (as the case may be), other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Kingston Corporate Finance, Shinco Capital, Kingston Securities, KGI Capital Asia, Messis Capital, the Registrar or professional advisers of any of their respective directors or any other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(ii) The provisions set out in the accompanying Form of Acceptance form part of the terms and conditions of the Offer.

(iii) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(iv) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(v) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Kingston Corporate Finance, Shinco Capital and Kingston Securities or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person or persons has accepted the Offer.

(vi) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Offer Shares are sold by such person or persons to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to the receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

(vii) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.

1. FINANCIAL SUMMARY

Set out below is a financial summary of the Group for each of the three financial years ended 30 June 2016 as extracted from the relevant annual reports of the Company.

The auditors of the Company, Shinewing (HK) CPA Limited (for the year ended 30 June 2014, 2015 and 2016), did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the three years ended 30 June 2014, 2015 and 2016, and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years.

	2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*
Revenue	**488,065**	503,195	600,392
Cost of services	**(443,118)**	(450,790)	(544,629)
Gross profit	**44,947**	52,405	55,763
Other income	**322**	332	14,194
Loss of fair value change on held-for-trading investments	**(1,135)**	–	–
Operating expenses	**(26,988)**	(36,250)	(16,718)
Profit before taxation	**17,146**	16,487	53,239
Income tax expense	**(5,491)**	(5,525)	(7,060)
Profit and total comprehensive income for the year attributable to:			
Owners of the Company	11,581	10,839	45,976
Non-controlling interests	**74**	123	203
	11,655	10,962	46,179
Earnings per share (HK cents)			
Basic and diluted	**1.0**	1.0	4.7

Notes: The Group did not declare any dividends and record any extraordinary items or items which were exceptional because of its size, nature or incidence recorded for each of the three years ended 30 June 2016.

2. AUDITED FINANCIAL STATEMENTS

The following is the full text of the audited consolidated financial information of the Group for the year ended 30 June 2016 as extracted from the annual report of the Group for the year ended 30 June 2016. Capitalised terms used in this section shall have the same meaning as those defined in the related annual report of the Company.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*5*	**488,065**	503,195
Cost of services		**(443,118)**	(450,790)
Gross profit		**44,947**	52,405
Other income	*7*	**322**	332
Loss on fair value change on held-for-trading investments		**(1,135)**	–
Administrative expenses		**(26,579)**	(35,836)
Finance costs	*8*	**(409)**	(414)
Profit before taxation		**17,146**	16,487
Income tax expense	*9*	**(5,491)**	(5,525)
Profit and total comprehensive income for the year	*10*	**11,655**	10,962
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**11,581**	10,839
Non-controlling interests		**74**	123
		11,655	10,962
Earnings per share (HK cents)			
Basic and diluted	*14*	**1.0**	1.0

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment	*15*	**5,100**	3,331
Available-for-sale investments	*16*	**1,974**	1,974
Rental deposit	*19*	**780**	–
Deposits paid for property, plant and equipment		**–**	222
		7,854	5,527
Current assets			
Held-for-trading investments	*17*	**3,881**	–
Amounts due from customers for contract work	*18*	**–**	–
Trade and other receivables	*19*	**218,213**	199,848
Pledged bank deposits	*20*	**–**	5,000
Bank balances and cash	*20*	**52,396**	98,901
		274,490	303,749
Current liabilities			
Trade and other payables	*21*	**104,689**	129,610
Bank borrowings	*22*	**–**	10,116
Obligations under finance leases – due within one year	*23*	**1,408**	817
Tax payable		**4,184**	8,812
		110,281	149,355
Net current assets		**164,209**	154,394
Total assets less current liabilities		**172,063**	159,921
Non-current liabilities			
Other payables	*21*	**125**	–
Obligations under finance leases – due after one year	*23*	**477**	313
Long service payment obligations	*24*	**326**	218
Deferred tax liabilities	*25*	**415**	325
		1,343	856
Net assets		**170,720**	159,065

	Note	**2016**	2015
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	*26*	**11,189**	11,189
Reserves		**159,040**	147,459
Equity attributable to:			
Owners of the Company		**170,229**	158,648
Non-controlling interests		**491**	417
Total equity		**170,720**	159,065

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Attributable to owners of the Company						
	Share capital HK$'000	Share Premium HK$'000	Other reserve HK$'000 (Note)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2014	9,310	–	–	145,923	155,233	681	155,914
Profit and total comprehensive income for the year	–	–	–	10,839	10,839	123	10,962
Dividend recognised as distribution *(Note 13)*	–	–	–	(86,613)	(86,613)	–	(86,613)
Dividend recognised as distribution to non-controlling interests *(Note 13)*	–	–	–	–	–	(387)	(387)
Elimination of share capital on group reorganisation	(9,310)	–	9,310	–	–	–	–
Shares issued on group reorganisation	9,790	–	(9,790)	–	–	–	–
Issue of new shares *(Note 26)*	1,399	82,511	–	–	83,910	–	83,910
Share issue expenses	–	(4,721)	–	–	(4,721)	–	(4,721)
At 30 June and 1 July 2015	11,189	77,790	(480)	70,149	158,648	417	159,065
Profit and total comprehensive income for the year	–	–	–	11,581	11,581	74	11,655
At 30 June 2016	11,189	77,790	(480)	81,730	170,229	491	170,720

Note: Other reserve represented the difference between the nominal value of the issued share capital of Sing Fat Construction Company, Limited (''Sing Fat Construction'') and ABO Group Limited (''ABO'') in aggregate amount of approximately HK$9,310,000 over nominal value of the share capital of the Company in amount of HK$9,790,000 issued in exchange thereof, pursuant to the group reorganisation.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	2016	2015
	HK$'000	*HK$'000*
OPERATING ACTIVITIES		
Profit before taxation	**17,146**	16,487
Adjustments for:		
Depreciation of property, plant and equipment	**1,117**	718
Finance costs	**409**	414
Written off on other receivables	**–**	300
Net loss on disposal of property, plant and equipment	**216**	53
Provision of long service payment obligation	**108**	–
Bank interest income	**(267)**	(230)
Loss on fair value change on held-for-trading investments	**1,135**	–
Operating cash flows before movements in working capital	**19,864**	17,742
(Increase) decrease in trade and other receivables	**(19,145)**	59,427
Decrease in trade and other payables	**(24,796)**	(27,115)
Cash (used in) generated from operations	**(24,077)**	50,054
Hong Kong Profits Tax paid	**(10,029)**	(5,810)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(34,106)**	44,244
INVESTING ACTIVITIES		
Purchase of held-for-trading investments	**(5,016)**	–
Purchase of property, plant and equipment	**(1,486)**	(47)
Maturity of pledged bank deposits	**5,000**	6
Proceeds from disposal of property, plant and equipment	**1,228**	190
Interest received	**267**	230
Deposit paid for acquisition of property, plant and equipment	**–**	(222)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(7)**	157

	2016	2015
	HK$'000	*HK$'000*
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(40,116)**	(14,179)
Repayment of obligations under finance lease	**(1,867)**	(1,257)
Interest paid	**(409)**	(414)
New bank borrowings raised	**30,000**	11,649
Dividend paid	**–**	(87,156)
Share issue expenses	**–**	(4,721)
Repayment to a director	**–**	(140)
Proceeds from issue of shares	**–**	83,910
NET CASH USED IN FINANCING ACTIVITIES	**(12,392)**	(12,308)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(46,505)**	32,093
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**98,901**	66,808
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**52,396**	98,901

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

1. GENERAL

The Company was incorporated in the Cayman Islands on 17 September 2014 as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange since 14 January 2015. Its ultimate and immediate holding company is Profound Union Limited ("Profound"), a company incorporated in the British Virgin Islands (the "BVI"), which is beneficially owned by 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. Yau Shik Fan, Eddy and Mr. Liu Winson Wing Sun. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts an investment holding company and the principal activities of its subsidiaries are set out in Note 36.

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is also the functional currency of the Company.

Group restructuring and basis of presentation of consolidated financial statements

Prior to and after the reorganisation, the provision of building maintenance services and renovation services were carried out by Sing Fat Construction. To rationalise the corporate structure in preparation for the Listing, 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 prospectus of the Company dated 31 December 2014 (the "Reorganisation"). Upon completion of the Reorganisation, the Company became the holding company of the Group on 1 December 2014. 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") throughout the year ended 30 June 2015 or since their respective date of incorporation up to 30 June 2015 where this is a shorter period.

As there was no change in the Controlling Shareholders before and after the Reorganisation, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year ended 30 June 2015 include the results, changes in equity 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 respective years or since their respective date of incorporation where this is a shorter period.

Accordingly, the consolidated financial statements of the Group have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the group structure under the Reorganisation had been in existence throughout the year ended 30 June 2015 or since their respective dates of incorporation whichever is the shorter period.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

The Group has applied all the HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations issued by the HKICPA which are effective for the Group's financial year beginning on 1 July 2015.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9 (2014)	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 16	Leases[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 7	Disclosure Initiative[2]
Amendments to HKAS 12	Recognition of Deferred Tax Assets to Unrealised Losses[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKFRS 15	Clarification to HKFRS 15[3]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] Effective for annual periods beginning on or after 1 January 2019
[5] Effective date not yet been determined

The directors of the Company (the "Directors") anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* 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 value at the end of subsequent accounting periods. In addition, under HKFRS 9 (2014), 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 designed as at fair value through profit or loss ("FVTPL"), HKFRS 9 (2014) 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 income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' 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 FVTPL was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors anticipate that the adoption of HKFRS 9 (2014) in the future may have an impact on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures. For instance, the Group will be required to replace the incurred loss impairment model in HKFRS 39 with an expected loss impairment model that will apply to various exposures to credit risk. HKFRS 9 will also change the way the Group classifies and measures its financial assets, and will require the Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. The Group is in the process of assessing the potential impact on the financial performance resulting from the adoption of HKFRS 9. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Directors 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 consolidated 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.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective. HKFRS 16 replaces all existing lease accounting requirements and represents a significant change in the accounting and reporting of leases, with more assets and liabilities to be reported on the consolidated statement of financial position and a different recognition of lease costs.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. Application of HKFRS 16 may result in the recognition of right-of-use assets and corresponding lease liabilities in respect of the lease arrangements of the Group as a lessee. The Directors are in the process of assessing their impact on the financial statements of these requirements. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012 – 2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The Directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012 – 2014 Cycle will have a material effect on the Group's consolidated financial statements

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The Directors anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKAS 1 until the Group performs a detailed review.

Amendments to HKAS 7 Disclosure Initiative

The amendments to HKAS 7 require entities to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The amendments should be applied retrospectively and will be effective from 1 January 2017. Early application is permitted. When the entity applies Amendments to HKAS 7, it is not required to provide comparative information for preceding periods.

The Directors anticipate that the application of Amendments to HKAS 7 in the future may have a material impact on the consolidated statement of cash flows in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of Amendments to HKAS 7 until the Group performs a detailed review.

Amendments to HKFRS 15 Revenue from Contracts with Customers

The amendments to HKFRS 15 provide certain clarification and outline as follows:

- clarify when a promised good or service is separately identifiable from other promises in a contract (i.e. distinct within the context of the contract), which is part of an entity's assessment of whether a promised good or service is a performance obligation;
- clarify how to apply the principal versus agent application guidance to determine whether the nature of an entity's promise is to provide a promised good or service itself (i.e. the entity is a principal) or to arrange for goods or services to be provided by another party (i.e. the entity is an agent);
- clarify for a licence of intellectual property when an entity's activities significantly affect the intellectual property to which the customer has rights, which is a factor in determining whether the entity recognises revenue over time or at a point in time;
- clarify the scope of the exception for sales-based and usage-based royalties related to licences of intellectual property (the royalty constraint) when there are other promised goods or services in the contract; and
- add two practical expedients to the transition requirements of HKFRS 15 for:

  (a) completed contracts under the full retrospective transition approach; and

  (b) contract modifications at transition.

The amendments to HKFRS 15 do not change the effective date of HKFRS 15 and therefore will be effective for annual periods beginning or after 1 January 2018. Early application the amendments to HKFRS 15 together with HKFRS 15 continue to be permitted.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income of subsidiaries 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.

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 consolidated financial statements 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 party.

The consolidated statements of profit or loss and other comprehensive income includes 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 for services rendered in the normal course of business, net of discounts and sales related taxes.

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.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement 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 consolidated statement 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 consolidated statement 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

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.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement 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 consolidated financial statements 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax 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 consolidated statement 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 straight line method for leasehold improvement 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.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and bank deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment 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 (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables, available-for-sale financial assets and financial assets at FVTPL. 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 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 rental deposit, trade and other receivables, 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).

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 FVTPL.

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).

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset are held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other gains and losses line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in manner described in Note 28.

Impairment loss on financial assets

Financial assets, other than those at FVTPL, 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.

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 a trade and other receivable is 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 in which the impairment takes place.

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.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investments revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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.

Financial liabilities

Financial liabilities including trade and other payables, bank borrowings 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.

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.

Derecognition

A financial asset is derecognised 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.

A financial liability is derecognised 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.

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 (CGUs) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU 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 the 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 (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Fair value measurement

When measuring fair value for the purpose of impairment assessment, 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

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 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, that the Directors 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 consolidated financial statements.

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 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.

Depreciation of property, plant and equipment

Items of property, plant and equipment 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. As at 30 June 2016, the carrying amount of property, plant and equipment was approximately HK$5,100,000 (2015: HK$3,331,000).

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 2016, the Directors considered that there is no impairment indication and the carrying values of property, plant and equipment are approximately HK$5,100,000 (2015: HK$3,331,000).

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 year ended 30 June 2016, no impairment loss on trade and other receivables is made. As at 30 June 2016, the carrying value of trade and other receivables are approximately HK$218,213,000 (2015: HK$199,848,000).

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2016	2015
	HK$'000	*HK$'000*
Revenue from:		
Building maintenance services	**341,320**	316,665
Renovation services	**146,745**	186,530
	488,065	503,195

6. SEGMENT INFORMATION

The Group's reportable and operating segments, based on information reported to the chairman of the Board, being the chief operating decision maker (the "CODM") for the purposes of resources allocation and performance assessment of segment performance focuses on services provided are as follows:

i) Building maintenance; and

ii) Renovation.

Segment revenue and results

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

For the year ended 30 June 2016

	Building maintenance *HK$'000*	Renovation *HK$'000*	Total *HK$'000*
Segment revenue	**341,320**	**146,745**	**488,065**
Segment profit	**41,537**	**3,194**	**44,731**
Unallocated corporate income			**322**
Loss on fair value change on held-for-trading investments			**(1,135)**
Central administration costs			**(26,363)**
Finance costs			**(409)**
Profit before taxation			**17,146**

For the year ended 30 June 2015

	Building maintenance *HK$'000*	Renovation *HK$'000*	Total *HK$'000*
Segment revenue	316,665	186,530	503,195
Segment profit	41,024	11,100	52,124
Unallocated corporate income			332
Central administration costs			(35,555)
Finance costs			(414)
Profit before taxation			16,487

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 certain unallocated corporate income, loss on fair value change on held-for-trading investments, central administration costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

There were no inter-segment sales between different business segments for the years ended 30 June 2016 and 2015.

Segment assets and liabilities

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

	2016 ***HK$'000***	2015 *HK$'000*
Segment assets		
Building maintenance	**110,742**	98,080
Renovation	**106,492**	103,481
Total segment assets	**217,234**	201,561
Unallocated corporate assets	**65,110**	107,715
Total assets	**282,344**	309,276
Segment liabilities		
Building maintenance	**56,983**	46,846
Renovation	**43,744**	78,530
Total segment liabilities	**100,727**	125,376
Unallocated corporate liabilities	**10,897**	24,835
Total liabilities	**111,624**	150,211

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, rental deposit, held-for-trading investments, certain other receivables, pledged bank deposits and bank balances and cash as these assets are managed on a group basis.

- all liabilities are allocated to operating segments other than certain other payables, bank borrowings, obligations under finance leases, tax payable, 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 2016

	Building maintenance *HK$'000*	**Renovation** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Additions to property, plant and equipment	**2,461**	**–**	**1,869**	**4,330**
Depreciation of property, plant and equipment	**694**	**–**	**423**	**1,117**
Loss on disposal of property, plant and equipment	**216**	**–**	**–**	**216**
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:				
Bank interest income	**–**	**–**	**(267)**	**(267)**
Loss on fair value change on held-for-trading investments	**–**	**–**	**1,135**	**1,135**
Finance costs	**–**	**–**	**409**	**409**
Income tax expense	**–**	**–**	**5,491**	**5,491**

For the year ended 30 June 2015

	Building maintenance *HK$'000*	Renovation *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or segment assets:				
Additions to property, plant and equipment	1,108	–	–	1,108
Depreciation of property, plant and equipment	415	–	303	718
(Gain) Loss on disposal of property, plant and equipment	(19)	–	72	53
Written off on other receivables	300	–	–	300
Amounts regularly provided to the CODM but not included in the measure of segment profit or segment assets:				
Bank interest income	–	–	(230)	(230)
Finance costs	–	–	414	414
Income tax expense	–	–	5,525	5,525

Geographical information

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

	2016 ***HK$'000***	2015 *HK$'000*
Customer A[1]	**355,260**	321,306
Customer B[2]	**112,410**	N/A[3]
Customer C[2]	**N/A[3]**	113,114

1 Revenue from building maintenance and renovation services.

2 Revenue from renovation services.

3 The corresponding revenue did not contributed over 10% of the total revenue of the Group.

7. OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**267**	230
Others *(Note)*	**55**	102
	322	332

Note: During the year ended 30 June 2016, other income of approximately HK$35,000 (2015: nil) represented the net income from the sales of electronic products of approximately HK$18,035,000 net of cost of good sold of approximately HK$18,000,000.

8. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
– Bank borrowings	**340**	376
– Obligations under finance leases	**69**	38
	409	414

9. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Hong Kong Profit Tax:		
Current tax	**3,903**	5,458
Under-provision in prior years	**1,498**	–
	5,401	5,458
Deferred taxation *(Note 25)*	**90**	67
	5,491	5,525

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

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

The income tax expense can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	HK$'000	*HK$'000*
Profit before taxation	**17,146**	16,487
Tax calculated at the domestic income tax rate of 16.5%	**2,829**	2,720
Tax effect of income not taxable for tax purposes	**(44)**	(38)
Tax effect of expenses not deductible for tax purposes	**1,228**	2,863
Under-provision in prior years	**1,498**	–
Effect of tax exemption granted *(Note)*	**(20)**	(20)
Income tax expense for the year	**5,491**	5,525

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the years of assessment 2016/2017 and 2015/2016 by 75%, subject to a ceiling of HK$20,000.

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2016	2015
	HK$'000	*HK$'000*
Staff costs (including Directors' emoluments)		
– Directors' emoluments *(Note 11)*	**6,059**	3,052
– Salaries, allowances and other benefits	**34,834**	31,015
– Long service payment obligations	**108**	–
– Contributions to retirement benefits scheme	**1,189**	1,064
Total staff costs	**42,190**	35,131
Auditor's remuneration	**936**	900
Depreciation of property, plant and equipment		
– owned assets	**571**	336
– assets held under finance leases	**546**	382
Written off on other receivables	**–**	300
Loss on disposal of property, plant and equipment	**216**	53
Minimum lease payments paid under operating lease	**1,906**	1,303
Listing expenses (included in administrative expenses)	**–**	12,121

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the twelve (2015: eight) directors, ex-directors and Chief Executive Officer ("CEO") were as follows:

For the year ended 30 June 2016

Name of Director	Directors' fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefits scheme *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries' undertaking				
Executive directors				
Lai Aizhong (Chairman) *(Note i)*	–	315	6	321
Liu Winson Wing Sun *(Note ii)*	50	1,197	18	1,265
Kan Yiu Keung (CEO) *(Note iii)*	50	1,197	18	1,265
Chan Lo Kin *(Note iv)*	50	1,189	18	1,257
Ge Jin *(Note v)*	–	498	16	514
Non-executive directors				
Liu Su Ke *(Note vi)*	50	789	–	839
Kan Yiu Kwok *(Note iv)*	50	126	–	176
Independent non-executive directors				
Tong Sze Wan *(Note vii)*	126	–	–	126
Lam Yiu Por *(Note viii)*	105	–	–	105
Kwong Ping Man *(Note viii)*	105	–	–	105
Guo Biao *(Note ix)*	43	–	–	43
Song Dan *(Note ix)*	43	–	–	43
	672	5,311	76	6,059

For the year ended 30 June 2015

Name of Director	Directors' fees *HK$'000*	Salaries and other benefits *HK$'000*	Contributions to retirement benefits scheme *HK$'000*	Total *HK$'000*
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries' undertaking				
Executive directors				
Liu Winson Wing Sun (Chairman) *(Note ii)*	10	742	19	771
Kan Yiu Keung (CEO) *(Note iii)*	10	754	19	783
Chan Lo Kin *(Note iv)*	10	697	17	724
Non-executive directors				
Liu Su Ke *(Note vi)*	10	530	–	540
Kan Yiu Kwok *(Note iv)*	10	56	–	66
Independent non-executive directors				
Tong Sze Wan *(Note vii)*	56	–	–	56
Lam Yiu Por *(Note viii)*	56	–	–	56
Kwong Ping Man *(Note viii)*	56	–	–	56
	218	2,779	55	3,052

Notes:

(i) Appointed as executive director and Chairman on 3 March 2016.

(ii) Appointed as director on 17 September 2014, redesignated as executive director on 6 October 2014 . He stepped down his position as chairman of the Board and remain as executive director on 3 March 2016.

(iii) Appointed as executive director and CEO on 6 October 2014.

(iv) Appointed on 6 October 2014.

(v) Appointed as executive director on 30 September 2015 and resigned on 6 June 2016.

(vi) Appointed as non-executive director on 6 October 2014 and resigned on 3 March 2016.

(vii) Appointed as independent non-executive director on 17 December 2014.

(viii) Appointed as independent non-executive director on 17 December 2014 and resigned on 3 March 2016.

(ix) Appointed as independent non-executive director on 3 March 2016.

(x) The directors' and chief executive's emoluments for the year ended 30 June 2015 and up to the date immediately preceding 14 January 2015 represented the amount payable to Sing Fat Construction's directors.

Neither the CEO nor any of the directors waived any emoluments in the years ended 30 June 2016 and 2015.

12. INDIVIDUAL WITH HIGHEST EMOLUMENTS

During the year ended 30 June 2016, of the five individuals with the highest emoluments in the Group, four (2015: three) were directors, ex-director and CEO whose emoluments are included in the disclosures in Note 11. During the year ended 30 June 2016, the emoluments of the remaining one (2015: two) individual was as follows:

	2016	2015
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	**1,247**	1,886
Contributions to retirement benefits scheme	**–**	18
	1,247	1,904

Their emoluments were within the following bands:

	2016	2015
	No. of employees	No. of employees
Nil to HK$1,000,000	**–**	1
HK$1,000,001 to HK$1,500,000	**1**	1

During the year ended 30 June 2016 and 2015, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) or other directors as an inducement to join or upon joining the Group, or as compensation for loss of office.

13. DIVIDENDS

During the year ended 30 June 2016, no interim dividend (2015: HK$86,613,000) was declared by the Company.

The Board does not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: nil).

14. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**11,581**	10,839

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,118,800**	1,043,319

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares during the years ended 30 June 2016 and 2015.

The weighted average number of ordinary share in issue during the year ended 30 June 2015 represented 978,950,000 ordinary shares (Notes 26(a) and (c)) issued as part of common control combination as if such shares were issued on 1 July 2014, and the weighted average of 139,850,000 ordinary shares (Note 26(d)) issued under share offer during the year.

15. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Furniture, fixture and office equipment	Motor vehicles	Leasehold improvement	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
At 1 July 2014	371	1,278	5,086	–	6,735
Additions	–	–	1,108	–	1,108
Disposals	–	–	(570)	–	(570)
At 30 June and 1 July 2015	**371**	**1,278**	**5,624**	**–**	**7,273**
Additions	**47**	**374**	**3,759**	**150**	**4,330**
Disposals	**–**	**–**	**(2,973)**	**–**	**(2,973)**
At 30 June 2016	**418**	**1,652**	**6,410**	**150**	**8,630**
ACCUMULATED DEPRECIATION					
At 1 July 2014	359	1,143	2,049	–	3,551
Charge for the year	2	20	696	–	718
Eliminated on disposals	–	–	(327)	–	(327)
At 30 June and 1 July 2015	**361**	**1,163**	**2,418**	**–**	**3,942**
Charge for the year	**11**	**41**	**1,056**	**9**	**1,117**
Eliminated on disposals	**–**	**–**	**(1,529)**	**–**	**(1,529)**
At 30 June 2016	**372**	**1,204**	**1,945**	**9**	**3,530**
CARRYING VALUES					
At 30 June 2016	**46**	**448**	**4,465**	**141**	**5,100**
At 30 June 2015	10	115	3,206	–	3,331

Except for leasehold improvement, 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 in subsequent years
Furniture, fixture and office equipment	25% in the year of purchase and 15% per annum in subsequent years
Motor vehicles	25% in the year of purchase and 15% per annum in subsequent years
Leasehold improvement	Over the term of lease

As at 30 June 2016, the carrying value of motor vehicle includes an amount of HK$2,763,000 (2015: HK$1,426,000) in respect of assets held under finance leases.

16. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	HK$'000	*HK$'000*
Unlisted equity investment in Hong Kong, at cost	**1,974**	1,974

The Group held 4.02% (2015: 4.02%) equity interest in an unlisted company in Hong Kong. The investment is measured at cost less impairment at the end of the 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.

17. HELD-FOR-TRADING INVESTMENTS

	2016	2015
	HK$'000	*HK$'000*
Equity securities, listed in Hong Kong	**3,881**	–

18. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2016	2015
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**68,095**	68,095
Less: progress billings	**(68,095)**	(68,095)
Amounts due from customers for contract work	**–**	–

19. RENTAL DEPOSIT AND TRADE AND OTHER RECEIVABLES

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

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**188,339**	180,768
Retention money receivables *(Note)*	**14,829**	12,486
Advances to subcontractors	**7,935**	5,101
Prepaid expenses	**2,713**	787
Deposits and other receivables	**5,177**	706
Carrying amount as at year ended	**218,993**	199,848
Less: Rental deposit shown under non-current assets	**(780)**	–
	218,213	199,848

Note: At 30 June 2016, retention receivables of approximately HK$7,096,000 (2015: HK$1,132,000) was expected to be recovered in more than twelve months from the end of the reporting period but within its normal operating cycle.

The Group does not hold any collateral over the above balances.

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 ageing analysis of trade receivables, presented based on the certified report which approximates revenue recognition date at the end of the reporting period, and net of impairment loss recognised:

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**116,700**	71,113
91 to 180 days	**17,190**	32,997
181 to 365 days	**9,331**	26,462
1 to 2 years	**34,684**	47,052
Over 2 years	**10,434**	3,144
	188,339	180,768

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

As at 30 June 2016, included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately HK$4,468,000 (2015: HK$6,808,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss.

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

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**–**	531
91 to 180 days	**–**	–
181 to 365 days	**–**	555
Over 1 year	**4,468**	5,722
	4,468	6,808

The Directors 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.

The Group has individually assessed other receivables and provided in full for all receivables that are considered not recoverable. During the year ended 30 June 2016, no written off (2015: HK$300,000) in respect of other receivable has been recognised.

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits

As at 30 June 2015, pledged bank deposits represented deposits pledged to bank to secure banking facilities granted to the Group and were therefore classified as current assets. Pledged bank deposits carried fixed interest rate at 0.73% per annum.

Bank balances and cash

Bank balances carry interest at market rates which range from 0.01% to 0.75% (2015: 0.01% to 0.75%) per annum.

21. TRADE AND OTHER PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**91,007**	112,818
Retention money payables *(Note a)*	**8,488**	11,613
Receipt in advance	**71**	571
Accrued expenses and other payables *(Note b and c)*	**4,469**	3,829
Dividend payable to non-controlling interests	**779**	779
Carry amount as at year ended	**104,814**	129,610
Less: Deferred income shown under non-current liabilities *(Note c)*	**(125)**	–
Current portion	**104,689**	129,610

Notes:

(a) As at 30 June 2016, retention payables of approximately HK$1,611,000 (2015: HK$985,000) was expected to be paid or settled after more than twelve months from the end of the reporting period.

(b) As at 30 June 2016, included in accrued expenses and other payables was amount of approximately HK$331,000 (2015: HK$425,000) representing accrued Directors' emoluments.

(c) During the year ended 30 June 2016, the Group has taken up a lease of an office premise from an independent third party and the Group has received an amount of HK$226,000 from that party as rent-free period compensation. As at 30 June 2016, approximately HK$80,000 (2015: nil) was included in accrued expenses and other payables under current liabilities and approximately HK$125,000 deferred income was shown under non-current liabilities (2015: nil). The amount is amortised over the remaining lease period.

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

	2016	2015
	HK$'000	*HK$'000*
Within 90 days	**37,223**	33,232
91 to 180 days	**10,776**	28,639
181 to 365 days	**5,310**	21,711
1 to 2 years	**31,499**	25,361
Over 2 years	**6,199**	3,875
	91,007	112,818

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 Group received 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.

22. BANK BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Unsecured and guaranteed	**–**	10,116
Carrying amount of bank borrowings repayable (based on scheduled repayment set out in the loan agreement)		
– Within one year	**–**	7,642
– After one year but within two years	**–**	2,474
	–	10,116
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**–**	2,474
Carrying amount of bank borrowings that are repayable within one year based on scheduled repayment set out in the loan agreement	**–**	7,642
Amounts shown under current liabilities	**–**	10,116

As at 30 June 2015, bank borrowings bore floating interest rates from 2.60% to 2.75% per annum.

As at 30 June 2015, the bank borrowings and general banking facilities were secured and/or guaranteed by the corporate guarantee given by the Company and the Group's bank deposits as disclosed in Note 20. The general banking facilities were terminated and the corporate guarantee were released during the year.

23. OBLIGATIONS UNDER FINANCE LEASES

	2016	2015
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current liabilities	**1,408**	817
Non-current liabilities	**477**	313
	1,885	1,130

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease term ranged from 2 to 3 years (2015: 2 to 3 years) throughout the year ended 30 June 2016. During the year ended 30 June 2016, the effective interest rate ranged from 1.23% to 1.50% (2015: 1.23% to 1.50%) per annum.

	Minimum lease payments		**Present value of minimum lease payments**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Analysed for reporting purposes as:				
Within one year	**1,437**	834	**1,408**	817
After one year but less than two years	**481**	255	**477**	251
After two years but less than five years	**–**	63	**–**	62
	1,918	1,152	**1,885**	1,130
Less: future finance charges	**(33)**	(22)	**N/A**	N/A
Present value of obligations under finance leases	**1,885**	1,130		
Less: amount due for settlement with 12 months (shown under current liabilities)			**(1,408)**	(817)
Amount due for settlement after 12 months			**477**	313

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

24. LONG SERVICE PAYMENT OBLIGATIONS

Movement in the long service payment obligations is as follows:

	2016	2015
	HK$'000	*HK$'000*
At 1 July	**218**	218
Charged to profit or loss	**108**	–
At 30 June	**326**	218

The Group makes provision for probable future long service payments to employees in accordance with Hong Kong Employment Ordinance. 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 2016 and 2015, the amount is calculated based on the principal assumptions stated as below:

	2016	2015
	HK$'000	*HK$'000*
Salary inflation rate	**4.00%**	7.00%
Discount rate	**1.04%**	1.79%

25. DEFERRED TAX LIABILITIES

Deferred tax liabilities arising from accelerated tax depreciation recognised by the Group and movements thereof during the years ended 30 June 2016 and 2015 were as follows:

	HK$'000
At 1 July 2014	258
Charged to profit or loss *(Note 9)*	67
At 30 June and 1 July 2015	325
Charged to profit or loss *(Note 9)*	90
At 30 June 2016	415

26. SHARE CAPITAL

Movements of the authorised and issued share capital of the Company for the period from 17 September 2014 (date of the incorporation of the Company) to 30 June 2016 are as follows:

	Number of Ordinary shares	Nominal value of ordinary shares *HK$'000*
Ordinary share of HK$0.01 each		
Authorised:		
At 17 September 2014 (date of incorporation) *(Note a)*	38,000,000	380
Increase during the period *(Note b)*	1,962,000,000	19,620
At 30 June 2015, 1 July 2015 and 30 June 2016	2,000,000,000	20,000
Issued and fully paid:		
Share issued upon incorporation *(Note a)*	1	–
Shares issued on Reorganisation *(Note c)*	978,949,999	9,790
Shares issued on initial public offering *(Note d)*	139,850,000	1,399
At 30 June 2015, 1 July 2015 and 30 June 2016	1,118,800,000	11,189

Notes:

(a) Upon incorporation, the authorised share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. One share was allotted and issued nil paid to the subscriber on 17 September 2014, which was then transferred to Profound on the same date.

(b) Pursuant to the written resolutions passed by the sole shareholder of the Company on 30 November 2014, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of an additional 1,962,000,000 ordinary shares of HK$0.01 each.

(c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of ABO from Controlling Shareholders, on 1 December 2014, (i) the one nil paid share then held by Profound was credited as fully paid at par, and (ii) 978,949,999 shares, all credited as fully paid at par, were allotted and issued to Profound.

(d) On 14 January 2015, 139,850,000 ordinary shares of HK$0.01 each were issued at a price of HK$0.60 per share pursuant to the share offer of the Company.

(e) All shares issued rank pari passu in all respects with all shares then in issue.

27. 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 from prior year.

The capital structure of the Group consists of net debts (which includes bank borrowings, obligations under finance leases, net of pledged bank deposits and bank balances and cash) and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and the issue or redemption of borrowings.

28. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016	2015
	HK$'000	*HK$'000*
Financial assets		
Held-for-trading investments	**3,881**	–
Available-for-sale financial assets	**1,974**	1,974
Loans and receivables (including pledged bank deposits and bank balances and cash)	**260,741**	297,861
Financial liabilities		
At amortised cost	**106,423**	140,285

Financial risk management objectives and policies

The Group's major financial assets and liabilities include available-for-sale investments, rental deposit, held-for-trading Investment, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, bank borrowings and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, interest rate risk, other price 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

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement 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 receivable regularly at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

As at 30 June 2016, the Group has concentration of credit risk as 52% (2015: 47%) of the total trade receivables was due from the Group's largest customer while 84% (2015: 98%) of the total trade receivables was due from the Group's five largest customers.

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

As at 30 June 2016, the Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances and is also exposed to fair value interest rate risk in relation to obligation under finance leases. As at 30 June 2015, the Group was exposed to cash flow interest rate risk in relation to its variable-rate bank balances and bank borrowings and was 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.

As at 30 June 2015, the Group's cash flow interest rate risk was mainly concentrated on the fluctuation of prime rate arising from the Group's HK$ denominated borrowings. However, the Directors considered that the Group's exposure to interest rate risk was minimal as there was insignificant fluctuation on prime rate. As at 30 June 2016, the Group did not have any borrowings, the Group has no exposure to interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non- derivative instruments at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. As at 30 June 2015, 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 30 June 2015 would decrease/increase by approximately HK$42,000. This was mainly attributable to the Group's exposure to cash flow interest rate risk on its variable rate bank borrowings.

As at 30 June 2016, the Group did not have any borrowings, no sensitivity analysis performed.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted in The Stock Exchange of Hong Kong Limited. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective listed investments classified as held-for-trading investments had been 10% higher/lower, the profit after tax for the year ended 30 June 2016 would increase/decrease by approximately HK$324,000 (2015: nil) as a result of the changes in fair value of these listed investments.

In management's opinion, the sensitivity analysis is not representative of the other price risk for the investments in listed equity securities as the year end exposure does not reflects the exposure during the year.

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. 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, bank 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 both interest and 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 the reporting period.

Liquidity table	On demand or within 1 year	1-5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2016				
Trade and other payables	**104,538**	**–**	**104,538**	**104,538**
Obligation under finance leases	**1,437**	**481**	**1,918**	**1,885**
	105,975	**481**	**106,456**	**106,423**
At 30 June 2015				
Trade and other payables	129,039	–	129,039	129,039
Bank borrowings *(Note a)*	10,303	–	10,303	10,116
Obligation under finance leases	834	318	1,152	1,130
	140,176	318	140,494	140,285

As at year ended 30 June 2015, the amounts for guarantee issued to the banks in respect of the performance bonds disclosed in Note 33 were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considered that it was more likely than not that no amount will be payable under the arrangement. However, this estimate was subject to change depending on the probability of the counterparty claiming under the guarantee which was a function of the likelihood that the financial receivables held by the counterparty which were guaranteed suffer credit losses.

Notes:

(a) Bank borrowings with a repayment on demand clause were included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 30 June 2015 the aggregate undiscounted principal amounts of these bank borrowings amounted to approximately HK$2,474,000. Taking into account the Group's financial position, the Directors did not believe that it is probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings would be repaid after one year but within two years 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 amounted to approximately HK$2,490,000.

(b) 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 the reporting period.

Fair value measurement

Some of the Group's financial assets are measured at fair value at the end of each reporting period for recurring measurement. The following table give information about how the fair values are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

			Fair value as at	
	Fair value	Valuation techniques	2016	2015
Financial assets	hierarchy	and key inputs	*HK'000*	*HK'000*
Held-for-trading investments	Level 1	Quoted bid prices in an active market	**3,881,000**	–

The Directors consider that the carrying amounts of current portion of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements 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 approximates its carrying amount, as it is carried at amortised cost using effective method. The Directors consider that the carrying amount of the non-current financial asset approximates its fair value as the impact of discounting is immaterial.

29. SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to the written resolution passed on 18 December 2014 to attract and retain high quality staff, to provide additional incentive to eligible participants and to promote the success of the business of the Group.

Eligible participants of the share option scheme include employees (full-time and part-time), directors, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group.

No share options are granted since the adoption of the share option scheme and there are no outstanding share options as at 30 June 2015 and 2016.

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$1,500 per employee.

During the years ended 30 June 2016 and 2015, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is approximately HK$1,265,000 and HK$1,119,000 respectively, which represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2016	2015
	HK$'000	*HK$'000*
Within one year	**3,761**	900
In the second to fifth year inclusive	**5,156**	–
	8,917	900

Operating lease payments represents rentals payable by the Group for its office premises and a motor license. Leases are negotiated and rentals are fixed for a term ranging from 1 to 3 years (2015: 2 to 3 years).

32. COMMITMENTS

As at 30 June 2016, capital expenditure contracted for but yet incurred by the Group is as follows:

	2016	2015
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contract for but not provided in the consolidated financial statements	**–**	1,444

33. CONTINGENT LIABILITIES

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 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.

Guarantee issued

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

	2016	2015
	HK$'000	*HK$'000*
Performance bonds in favor of its clients	**–**	692

As at 30 June 2015, approximately HK$692,000 of performance bonds were given by banks in favour of some of the 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 was released upon completion of the contract work for the relevant customers during the year.

34. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, during the year, the Group entered into transactions with related parties as follows:

Related parties	**Nature of transaction**	**2016**	2015
		HK$'000	*HK$'000*
Chung Tat Construction Co., Limited ("Chung Tat")	Purchase of motor-vehicle from a related party	**40**	–
	Subcontracting fee paid to a related party	**1,707**	–
Mega Billion Investment Limited (''Mega Billion'')	Rental of office from a related party	**900**	900
Faithful Construction Company Limited	Subcontracting fee paid to a related party	**196**	–
General Top Holdings Limited	Rental of motor vehicle from a related party	**–**	93

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

The following balances were outstanding at the end of the reporting period:

	Amounts due from related parties	
	2016	2015
	HK$'000	*HK$'000*
Chung Tat (included in trade and other receivables)	**344**	510
Mega Billion (included in trade and other receivables)	**150**	225

(b) The Group leased Office Premises from Mega Billion and the monthly rental was determined with reference to market value.

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year were as follows:

	2016	2015
	HK$'000	*HK$'000*
Short-term benefits	**8,911**	6,047
Post-employment benefits	**112**	91
	9,023	6,138

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(d) Under a deed of indemnity dated 18 December 2014, 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, settlement 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, tortuous or otherwise nature against any member of the Group in relation to any act, non-performance, omission or otherwise of any member of the Group on or before the date which the share offer of the Company becomes unconditional.

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Non-current assets			
Investments in subsidiaries		**9,790**	9,790
Rental deposit		**780**	–
		10,570	9,790
Current assets			
Held-for-trading investments		**3,881**	–
Amounts due from subsidiaries	*(a)*	**28,359**	2,237
Bank balances and cash		**24,088**	60,572
		56,328	62,809
Current liability			
Accruals and other payables		**583**	515
Net current assets		**55,745**	62,294
Total assets less current liability		**66,315**	72,084
Non-current liability			
Other payables		**125**	–
Net assets		**66,190**	72,084
Capital and reserves			
Share capital		**11,189**	11,189
Reserves	*(b)*	**55,001**	60,895
Total equity		**66,190**	72,084

Notes:

(a) Amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

(b) Movement in reserves

	Share Premium *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Profit and total comprehensive income for the period	–	69,718	69,718
Dividend recognised as distribution *(Note 13)*	–	(86,613)	(86,613)
Issue of new shares *(Note 26)*	82,511	–	82,511
Share issue expenses	(4,721)	–	(4,721)
At 30 June 2015 and 1 July 2015	77,790	(16,895)	60,895
Loss and total comprehensive expense for the year	–	(5,894)	(5,894)
At 30 June 2016	77,790	(22,789)	55,001

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 30 June 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest attributable to the Company 2016	2015	Principal activities
Directly held						
ABO	BVI	Ordinary	United States Dollar ("USD") $89,600	**100%**	100%	Investment holding
Sino Kaiser Limited *(Note a)*	BVI	Ordinary	USD $1	**100%**	–	Investment holding
Sino Baron Group Limited *(Note a)*	BVI	Ordinary	USD $1	**100%**	–	Investment holding
Indirectly held						
Sing Fat Construction	Hong Kong	Ordinary	HK$10,200,000	**99.61%**	99.61%	Provision of building maintenance and renovation services
Synergy Rise Investment Limited *(Note a)*	Hong Kong	Ordinary	HK$1,000	**100%**	–	Inactive
Richwise Power Investment Limited *(Note a)*	Hong Kong	Ordinary	HK$1	**100%**	–	Inactive
Star Richly Inc. Limited *(Note a)*	Hong Kong	Ordinary	HK$1	**100%**	–	Inactive
Chong Hui Enterprises Limited *(Note a)*	BVI	Ordinary	USD $1	**100%**	–	Inactive
Shing Mining Development Company Limited *(Note a)*	Hong Kong	Ordinary	HK$1	**100%**	–	Inactive

Notes:

(a) The company was incorporated during the year ended 30 June 2016.

(b) None of the subsidiaries had issued any debt securities at the end of the year.

37. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 30 June 2016 and 2015, 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$2,622,000 (2015: HK$1,061,000).

3. INDEBTEDNESS STATEMENT

As at 30 September 2016, being the latest practicable date for the purpose of the indebtedness statement in this Composite Document, our Group had the following finance leases:

	Obligation under finance leases *HK$* *(note)*
Carrying amount repayable within one year	1,239,842
Carrying amount repayable over one year	260,154
	1,499,996

Note:

The net book value of motor vehicles of the Group held under finance leases amounted to approximately HK$2.7 million. The weighted average effective interest rate of the obligation under finance lease as at 30 September 2016 was 1.28% per annum.

Contingent liabilities

As at 30 September 2016, the Group had the following contingent liabilities:

One of the subsidiaries 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 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.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 September 2016, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans (secured, unsecured, guaranteed or not), bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptable credits, hire purchase commitments, mortgages, charges, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material adverse change in the indebtedness and contingent liabilities of the Group since 30 September 2016, being the latest practicable date for determining the Group's indebtedness up to the date of this Composite Document.

4. MATERIAL CHANGE

The Directors confirm that there was no material change in the financial or trading position or outlook of the Group since 30 June 2016, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendor and parties acting in concert with them (excluding the Offeror and parties acting in concert with it)), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, details of interests in the shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name of Shareholder	Type of interest	Capacity and nature of interest	Number of Shares held	Approximate% of issued share capital of the Company
The Offeror *(Note)*	Long position	Beneficial owner	599,100,000	53.5
Mr. Dai *(Note)*	Long position	Interest of controlled corporation	599,100,000	53.5
Ms. Zhao Li *(Note)*	Long position	Interest of spouse	599,100,000	53.5

Note: The Offeror is wholly owned by Mr. Dai. Ms. Zhao Li is the spouse of Mr. Dai and is deemed to be interested in the 599,100,000 Shares in which Mr. Dai has interests by virtue of the SFO.

As at the Latest Practicable Date, save as disclosed above, none of the Offeror, or any parties acting in concert with it had any interests in or owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.

The Offeror would finance the consideration payable by the Offeror under the Offer by the Offer Facility and the Additional Facility granted by Kingston Securities. Pursuant to the terms and conditions of the Offer Facility and the Additional Facility, the 599,100,000 Sale Shares owned by the Offeror and the Offer Shares to be acquired by the Offeror under the Offer shall be deposited with Kingston Securities as collaterals for the Offer Facility and the Additional Facility. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, the Offer Facility and the Additional Facility will not depend on any significant extent on the business of the Group. Save for the above, there was no agreement, arrangement or understanding that any securities of the Company, acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

3. DEALINGS IN SECURITIES

(a) The Offeror disagrees that Mr. Bao be taken or deemed to be a party acting in concert with it. If Mr. Bao is included as a party acting in concert with the Offeror, as at the Latest Practicable Date, save for (i) the acquisition of the Sale Shares by the Offeror pursuant to the Sale and Purchase Agreement and (ii) Mr. Bao's acquisition of 200,000 Shares (representing approximately 0.02% of the total issued share capital of the Company) on 23 September 2016 at HK$0.94 per Share and the disposal of the same in full on 24 October 2016 at HK$3.95 per Share, none of the Offeror, its ultimate beneficial owner, nor parties acting in concert with it have dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(b) As at the Latest Practicable Date, no persons who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company have irrevocably committed themselves to accept or not to accept the Offer.

(c) As at the Latest Practicable Date, none of the Offeror, or any parties acting in concert with any of it, have entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person.

(d) As at the Latest Practicable Date, none of the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent any Shares, convertible securities, warrants, options or derivatives in the Company.

(e) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Offeror, its sole ultimate beneficial owner and/or parties acting in concert with any of them, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

In the event Mr. Bao is established to be a party acting in concert with the Offeror, the disposal of the Shares by Mr. Bao in (a)(ii) above will constitute a beach of Rule 21.2 of the Takeovers Code.

4. MARKET PRICES

(a) The highest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK$4.12 per Share on 26 October 2016. The lowest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK$0.62 per Share on 12 September 2016.

(b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Share price** *HK$*
31 March 2016	0.74
29 April 2016	0.77
31 May 2016	0.90
30 June 2016	0.82
29 July 2016	0.76
31 August 2016	0.64
29 September 2016 (being the commencement date of the Offer Period)	1.39
30 September 2016	1.52
26 October 2016 (being the Last Trading Day)	4.12
31 October 2016	4.05
30 November 2016	4.00
Latest Practicable Date	3.90

5. QUALIFICATION AND CONSENT OF EXPERTS

The followings are the qualifications of the experts who have given opinions or advice contained in this Composite Document:

Name	**Qualifications**
Kingston Securities	A corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
Kingston Corporate Finance	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Shinco Capital	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of Kingston Securities, Kingston Corporate Finance and Shinco Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its recommendation or opinion, as the case may be, and reference to its name, in the form and context in which they are included.

6. GENERAL

(a) No benefit (other than statutory compensation) will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

(b) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, or any parties acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

(c) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

7. MISCELLANEOUS

(a) As at the Latest Practicable Date, the correspondence address of the Offeror is at Flat A, 5/F, Wai Hing Commercial Building, 17-19 Wing Wo Street, Sheung Wan, Hong Kong.

(b) The correspondence address of Mr. Dai is at Flat A, 5/F, Wai Hing Commercial Building, 17-19 Wing Wo Street, Sheung Wan, Hong Kong.

(c) The registered office of Kingston Securities is at Suite 2801, 28/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

(d) The registered office of Kingston Corporate Finance is at Suite 2801, 28/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

(e) The registered office of Shinco Capital is at Room 1106, 11/F, Office Plus@Sheung Wan, No. 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

(f) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

Authorised Share Capital:	*HK$*
2,000,000,000 Shares	20,000,000
Issued and Fully Paid-up Share Capital:	
1,118,800,000 Shares	11,188,000

All the Shares in issue rank pari passu in all respects with each other, including the rights in respect of capital, dividends and voting.

The Company did not issue any Shares since 30 June 2016, the date to which the latest audited financial statements of the Company were made up. Neither the Company nor any of its subsidiaries has made any repurchase of the Shares since the last financial year ended 30 June 2016.

There are no options, warrants and conversion rights affecting the Shares.

Other than the Shares in issue, there are no convertible securities, warrants, options, derivatives or other securities issued by the Company.

3. INTERESTS AND SHORT POSITIONS IN THE SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(a) Interests and short positions of the Directors and chief executives in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executives of the Company including their respective associates in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to section 352 of the SFO, to be entered in the register referred to therein; (b) as otherwise notified to the Company and the Stock Exchange or (c) required to be disclosed under the Takeovers Code were as follows:

Long position in the Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested	Approximate% of issued share capital of the Company
Mr. Lai Aizhong	Interest of a controlled corporation *(Note)*	8,240,000	0.74

Note: These Shares are held by Shenzhen Bosum Asset Management Limited ("Shenzhen Bosum"). Shenzhen Bosum is owned as to 51% by Mr. Lai Aizhong and hence Mr. Lai Aizhong is deemed to be interested in the 8,240,000 Shares held by Shenzhen Bosum under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executives of the Company including their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to section 352 of the SFO, to be entered in the register referred to therein; (b) as otherwise notified to the Company and the Stock Exchange or (c) required to be disclosed under the Takeovers Code.

(b) Disclosure of interests of substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Interest in Shares

Name	Type of interest	Capacity and nature of interest	Number of Shares held	Approximate % of issued share capital of the Company
The Offeror *(Note)*	Long position	Beneficial owner	599,100,000	53.5
Mr. Dai *(Note)*	Long position	Interest in controlled corporation	599,100,000	53.5
Ms. Zhao Li *(Note)*	Long position	Interest of spouse	599,100,000	53.5

Note: Mr. Dai is the sole beneficial owner and director of the Offeror. Ms. Zhao Li is the spouse of Mr. Dai and is deemed to be interested in the 599,100,000 Shares in which Mr. Dai has interests by virtue of the SFO.

Save as disclosed in this sub-section 3(b) headed "Disclosure of interests of substantial Shareholders", so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or any options in respect of such share capital, or are required to be disclosed under the Takeovers Code.

(c) As at the Latest Practicable Date, save as disclosed in sub-section 3(a) above in this appendix IV, there were no Directors or persons who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares who had, prior to the posting of this document, irrevocably committed themselves to accept or reject the Offer.

(d) Mr. Lai Aizhong has indicated his intention to reject the Offer in respect of his 8,240,000 Shares held through Shenzhen Bosum.

(e) As at the Latest Practicable Date, none of the subsidiaries of the Company or any pension funds of the Group nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code (other than exempt principal traders) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(f) As at the Latest Practicable Date, there were no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code and therefore there were no such persons who owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(g) As at the Latest Practicable Date, no Shares or any convertible securities, warrants, options or derivatives in respect of any Shares were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.

(h) As at the Latest Practicable Date, neither the Company nor any of the Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

4. OTHER DISCLOSURES

(a) As at the Latest Practicable Date, neither the Company nor any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code, had any arrangement with any other person of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.

(b) As at the Latest Practicable Date, neither the Company nor any of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

(c) As at the Latest Practicable Date, save for the Sale and Purchase Agreement (which had already completed), there were no material contracts entered into by the Offeror in which any of the Directors has a material personal interest.

5. DEALINGS IN THE SHARES

(a) During the Relevant Period, save for the Share Transfer:

(i) none of the Directors had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

(ii) no person who had any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any parties acting in concert with it had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(b) During the Relevant Period, neither the Company nor any of the Directors had dealt for value in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror; and

(c) During the period from the commencement of the Offer Period to the Latest Practicable Date:

(i) none of the subsidiaries of the Company or any pension funds of the Group nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

(ii) there were no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code and therefore there were no such persons who had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and

(iii) no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the Company has entered into the service contracts below with the following Directors.

Name of Director	Commencement date of the service contract	Expiry date of the service contract	Fixed fee per month *(HK$)*
Lai Aizhong	30 November 2016	29 November 2019	80,000
Tong Sze Wan	30 November 2016	29 November 2019	10,500
Guo Biao	30 November 2016	29 November 2019	11,000
Song Dan	30 November 2016	29 November 2019	11,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the commencement of the Offer Period, (ii) is a continuous contract with a notice period of 12 months or more, or (iii) is a fixed term contract with more than 12 months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group) during the period within the two years before the commencement of the Offer Period i.e. 29 September 2014 and up to the Latest Practicable Date:

(a) a share sale and purchase agreement dated 8 October 2014 entered into between Liu Su Ke, Lai Kwan Hin, Kan Yiu Keung, Kan Yiu Kwok, Kan Man Hoo, Yau Shik Fan, Eddy, Liu Winson Wing Sun, Chan Lo Kin and ABO Group Limited ("ABO")(which was then owned as to approximately 40.31% by Liu Su Ke, approximately 14.52% by Lai Kwan Hin, approximately 11.16% by Kan Yiu Keung, approximately 11.16% by Kan Yiu Kwok, approximately 6.42% by Kan Man Hoo, approximately 5.58% by Liu Winson Wing Sun, approximately 5.81% by Yau Shik Fan, Eddy and approximately 5.04% by Chan Lo Kin), pursuant to which ABO acquired (i) the beneficial interest in 36,116, 13,012, 9,998, 9,998, 5,754, 5,198, 5,000 and 4,518 ordinary shares of Sing Fat Construction Company Limited ("Sing Fat Construction") from Liu Su Ke, Lai Kwan Hin, Kan Yiu Keung, Kan Yiu Kwok, Kan Man Hoo, Yau Shik Fan, Eddy, Liu Winson Wing Sun and Chan Lo Kin, respectively, and as consideration for which ABO to allot and issue 18,058, 6,506, 4,999, 4,999, 2,877, 2,599, 2,500 and 2,259 shares in ABO, all credited as fully paid, to Liu Su Ke, Lai Kwan Hin, Kan Yiu Keung, Kan Yiu

Kwok, Kan Man Hoo, Yau Shik Fan, Eddy, Liu Winson Wing Sun and Chan Lo Kin, respectively; and (ii) 2, 2 and 2 ordinary Shares of Sing Fat Construction from Chan Lo Kin, Kan Yiu Kwok and Kan Yiu Keung, respectively, and in consideration, ABO to allot and issue 2, 2 and 2 shares in ABO, all credited as fully paid, to Chan Lo Kin, Kan Yiu Kwok and Kan Yiu Keung, respectively;

(b) an instrument of transfer dated 8 October 2014 entered into between ABO and Chan Lo Kin for the transfer of 2 ordinary shares of Sing Fat Construction from Chan Lo Kin to ABO in consideration of ABO allotting and issuing 2 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Chan Lo Kin as referred to item (a) above;

(c) bought and sold notes dated 8 October 2014 executed by ABO and Chan Lo Kin for the transfer of 2 ordinary shares of Sing Fat Construction from Chan Lo Kin to ABO in consideration of ABO allotting and issuing 2 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Chan Lo Kin as referred to item (a) above;

(d) an instrument of transfer dated 8 October 2014 entered into between ABO and Kan Yiu Keung for the transfer of 2 ordinary shares of Sing Fat Construction from Kan Yiu Keung to ABO in consideration of ABO allotting and issuing 2 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Kan Yiu Keung as referred to item (a) above;

(e) bought and sold notes dated 8 October 2014 executed by ABO and Kan Yiu Keung for the transfer of 2 ordinary shares of Sing Fat Construction from Kan Yiu Keung to ABO in consideration of ABO allotting and issuing 2 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Kan Yiu Keung as referred to item (a) above;

(f) an instrument of transfer dated 8 October 2014 entered into between ABO and Kan Yiu Kwok for the transfer of 2 ordinary shares of Sing Fat Construction from Kan Yiu Kwok to ABO in consideration of ABO allotting and issuing 2 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Kan Yiu Kwok as referred to item (a) above;

(g) bought and sold notes dated 8 October 2014 executed by ABO and Kan Yiu Kwok for the transfer of 2 ordinary shares of Sing Fat Construction from Kan Yiu Kwok to ABO in consideration of ABO allotting and issuing 2 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Kan Yiu Kwok as referred to item (a) above;

(h) bought and sold notes dated 8 October 2014 entered into between ABO and Liu Su Ke for the transfer of 36,116 ordinary shares of Sing Fat Construction from Liu Su Ke to ABO in consideration of ABO allotting and issuing 18,058 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Liu Su Ke as referred to in item (a) above;

(i) bought and sold notes dated 8 October 2014 entered into between ABO and Lai Kwan Hin for the transfer of 13,012 ordinary shares of Sing Fat Construction from Lai Kwan Hin to ABO in consideration of ABO allotting and issuing 6,506 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Lai Kwan Hin as referred to in item (a) above;

(j) bought and sold notes dated 8 October 2014 entered into between ABO and Kan Yiu Kwok for the transfer of 9,998 ordinary shares of Sing Fat Construction from Kan Yiu Kwok to ABO in consideration of ABO allotting and issuing 4,999 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Kan Yiu Kwok as referred to in item (a) above;

(k) bought and sold notes dated 8 October 2014 entered into between ABO and Kan Yiu Keung for the transfer of 9,998 ordinary shares of Sing Fat Construction from Kan Yiu Keung to ABO in consideration of ABO allotting and issuing 4,999 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Kan Yiu Keung as referred to in item (a) above;

(l) bought and sold notes dated 8 October 2014 entered into between ABO and Kan Man Hoo for the transfer of 5,754 ordinary shares of Sing Fat Construction from Kan Man Hoo to ABO in consideration of ABO allotting and issuing 2,877 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Kan Man Hoo as referred to in item (a) above;

(m) bought and sold notes dated 8 October 2014 entered into between ABO and Yau Shik Fan, Eddy for the transfer of 5,198 ordinary shares of Sing Fat Construction from Yau Shik Fan, Eddy to ABO in consideration of ABO allotting and issuing 2,599 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Yau Shik Fan, Eddy as referred to in item (a) above;

(n) bought and sold notes dated 8 October 2014 entered into between ABO and Liu Winson Wing Sun for the transfer of 5,000 ordinary shares of Sing Fat Construction from Liu Winson Wing Sun to ABO in consideration of ABO allotting and issuing 2,500 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Liu Winson Wing Sun as referred to in item (a) above;

(o) bought and sold notes dated 8 October 2014 entered into between ABO and Chan Lo Kin for the transfer of 4,518 ordinary shares of Sing Fat Construction from Chan Lo Kin to ABO in consideration of ABO allotting and issuing 2,259 shares of US$1.00 each in the share capital of ABO, credited as fully paid, to Chan Lo Kin as referred to in item (a) above;

(p) a sale and purchase agreement dated 1 December 2014 entered into among the Company, Liu Su Ke, Lai Kwan Hin, Kan Yiu Kwok, Kan Yiu Keung, Kan Man Hoo, Yau Shik Fan, Eddy, Liu Winson Wing Sun and Chan Lo Kin, pursuant to which the Company purchased a total of 89,600 shares of US$1 each in the share capital of ABO, which constitute the entire issued share capital of ABO, from Liu Su Ke, Lai Kwan Hin, Kan Yiu Kwok, Kan Yiu Keung, Kan Man Hoo, Yau Shik Fan, Eddy, Liu Winson Wing Sun and Chan Lo Kin, and as consideration, (i) the one nil-paid Share then registered in the name of the Vendor was credited as fully paid at par, and (ii) 978,949,999 Shares, all credited as fully paid at par, were allotted and issued to the Vendor;

(q) an instrument of transfer dated 1 December 2014 executed by the Company and Chan Lo Kin for the transfer of 4,520 shares in the share capital of ABO from Chan Lo Kin to the Company in consideration of the Company allotting and issuing 49,384,531 ordinary shares of HK$0.01 each in the share capital of the Company to the Vendor, as directed by Chan Lo Kin as referred to in item (p) above;

(r) an instrument of transfer dated 1 December 2014 executed by the Company and Kan Man Hoo for the transfer of 5,754 shares in the share capital of ABO from Kan Man Hoo to the Company in consideration of the Company allotting and issuing 62,866,945 ordinary shares of HK$0.01 each in the share capital of the Company to the Vendor, as directed by Kan Man Hoo as referred to in item (p) above;

(s) an instrument of transfer dated 1 December 2014 executed by the Company and Kan Yiu Keung for the transfer of 10,000 shares in the share capital of ABO from Kan Yiu Keung to the Company in consideration of the Company allotting and issuing 109,257,813 ordinary shares of HK$0.01 each in the share capital of the Company to the Vendor, as directed by Kan Yiu Keung as referred to in item (p) above;

(t) an instrument of transfer dated 1 December 2014 executed by the Company and Kan Yiu Kwok for the transfer of 10,000 shares in the share capital of ABO from Kan Yiu Kwok to the Company in consideration of the Company allotting and issuing 109,257,813 ordinary shares of HK$0.01 each in the share capital of the Company to the Vendor, as directed by Kan Yiu Kwok as referred to in item (p) above;

(u) an instrument of transfer dated 1 December 2014 executed by the Company and Lai Kwan Hin for the transfer of 13,012 shares in the share capital of ABO from Lai Kwan Hin to the Company in consideration of the Company allotting and issuing 142,166,265 ordinary shares of HK$0.01 each in the share capital of the Company to the Vendor, as directed by Lai Kwan Hin as referred to in item (p) above;

(v) an instrument of transfer dated 1 December 2014 executed by the Company and Liu Su Ke for the transfer of 36,116 shares in the share capital of ABO from Liu Su Ke to the Company in consideration of (i) the one nil-paid Share then held by the Vendor being credited as fully paid at par, and (ii) the Company allotting and issuing 394,595,515 ordinary shares of HK$0.01 each in the share capital of the Company to the Vendor, as directed by Liu Su Ke as referred to in item (p) above;

(w) an instrument of transfer dated 1 December 2014 executed by the Company and Liu Winson Wing Sun for the transfer of 5,000 shares in the share capital of ABO from Liu Winson Wing Sun to the Company in consideration of the Company allotting and issuing 54,628,906 ordinary shares of HK$0.01 each in the share capital of the Company to the Vendor, as directed by Liu Winson Wing Sun as referred to in item (p) above;

(x) an instrument of transfer dated 1 December 2014 executed by the Company and Yau Shik Fan, Eddy for the transfer of 5,198 shares in the share capital of ABO from Yau Shik Fan, Eddy to the Company in consideration of the Company allotting and issuing 56,792,211 ordinary shares of HK$0.01 each in the share capital of the Company to the Vendor, as directed by Yau Shik Fan, Eddy as referred to in item (p) above;

(y) a deed of non-competition in Chinese dated 18 December 2014 executed by Liu Su Ke in relation to certain non-competition undertakings given in favour of the Company;

(z) a deed of non-competition in Chinese dated 18 December 2014 executed by Lai Kwan Hin in relation to certain non-competition undertakings given in favour of the Company;

(aa) a deed of non-competition in Chinese dated 18 December 2014 executed by Kan Yiu Kwok in relation to certain non-competition undertakings given in favour of the Company;

(bb) a deed of non-competition in Chinese dated 18 December 2014 executed by Kan Yiu Keung in relation to certain non-competition undertakings given in favour of the Company;

(cc) a deed of non-competition in Chinese dated 18 December 2014 executed by Kan Man Hoo in relation to certain non-competition undertakings given in favour of the Company;

(dd) a deed of non-competition in Chinese dated 18 December 2014 executed by Yau Shik Fan, Eddy in relation to certain non-competition undertakings given in favour of the Company;

(ee) a deed of non-competition in Chinese dated 18 December 2014 executed by Liu Winson Wing Sun in relation to certain non-competition undertakings given in favour of the Company;

(ff) a deed of non-competition in Chinese dated 18 December 2014 executed by Chan Lo Kin in relation to certain non-competition undertakings given in favour of the Company;

(gg) a deed of non-competition in Chinese dated 18 December 2014 executed by the Vendor in relation to certain non-competition undertakings given in favour of the Company;

(hh) a deed of indemnity dated 18 December 2014 executed by Liu Su Ke, Lai Kwan Hin, Kan Yiu Kwok, Kan Yiu Keung, Kan Man Hoo, Yau Shik Fan, Eddy, Liu Winson Wing Sun, Chan Lo Kin and the Vendor in relation to the provisions of certain indemnities in favour of the Company;

(ii) a public offer underwriting agreement dated 30 December 2014 entered into by Liu Siu Ke, Lai Kwan Hin, Kan Yiu Kwok, Kan Yiu Keung, Kan Man Hoo, Yau Shik Fan, Eddy, Liu Winson Wing Sun, Chan Lo Kin, the Vendor, TC Capital Asia Limited, Kingston Securities, VC Brokerage Limited and the Company, pursuant to which the Company and the Vendor agreed to conditionally offer to the public in Hong Kong 27,970,000 new Shares for subscription and/or purchase at a price which was expected to be not more than HK$0.60 and not less than HK$0.40 per new Share (the "Public Offer"), and Kingston Securities and VC Brokerage Limited were to receive an underwriting commission of 3.0% of the aggregate offer price payable for the new Shares initially offered under the Public Offer as consideration for acting as the public offer underwriters;

(jj) a placing underwriting agreement dated 8 January 2015 entered into by Liu Su Ke, Lai Kwan Hin, Kan Yiu Kwok, Kan Yiu Keung, Kan Man Hoo, Yau Shik Fan, Eddy, Liu Winson Wing Sun, Chan Lo Kin, the Vendor, TC Capital Asia Limited, Kingston Securities, VC Brokerage Limited and the Company, pursuant to which the Company agreed to conditionally place 251,730,000 Shares for subscription and/or purchase at the price of HK$0.06 per Share (the "Placing"), and Kingston Securities and VC Brokerage Limited were to receive an underwriting commission of 3.0% of the aggregate offer price payable for the Shares under the Placing as consideration for acting as the placing underwriters.

8. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualifications of the experts who have given advice, letter or opinion for incorporation and as contained in this Composite Document:

Name	Qualifications
KGI Capital Asia	KGI Capital Asia Limited, a licensed corporation under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and acting as the financial adviser to the Company
Messis Capital	Messis Capital Limited, a licensed corporation under the SFO, licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed as the independent financial adviser with the approval by the Independent Board Committee and to make recommendation to the Independent Shareholders in relation to the Offer

Each of KGI Capital Asia and Messis Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its recommendation or opinion, as the case may be, and references to its name in the form and context in which they are included.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or arbitration of material importance known to the Directors to be pending or threatened by or against any member of the Group.

10. MISCELLANEOUS

(a) None of the Directors will be or has been given any benefit (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offer.

(b) There is no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(c) The registered office of the Company is situated at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and its head office and principal place of business in Hong Kong is Room 1402, 14th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

(d) The company secretary of the Company is Mr. Fung Nam Shan, who is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia.

(e) The principal share registrar of the Company in the Cayman Islands is Estera Trust (Cayman) Limited, whose office is situated at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

(f) The branch share registrar of the Company in Hong Kong is Union Registrars Limited, whose office is situated at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

(g) The registered office of Messis Capital Limited is situated at Room 1606, 16/F, Tower 2, Admiralty Centre, 18 Harcourt Road, Hong Kong.

(h) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Room 1402, 14/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.yat-sing.com.hk) from the date of this Composite Document onwards for so long as the Offer remains open for acceptance:

(a) the memorandum and articles of association of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the two financial years ended 30 June 2015 and 2016;

(d) the letter from Kingston Securities, the text of which is set out in this Composite Document;

(e) the letter from the Board, the text of which is set out in this Composite Document;

(f) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;

(g) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;

(h) the written consents referred to in the paragraph headed "**Qualification and Consent of Experts**" in each of Appendices III and IV to this Composite Document;

(i) the service contracts referred to in the paragraph headed "**Directors' Service Contracts**" in Appendix IV to this Composite Document; and

(j) the material contracts referred to in the paragraph headed "**Material Contracts**" in Appendix IV to this Composite Document; and

(k) this Composite Document and the accompanying Form of Acceptance.