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Post Hearing Information Pack of


HING MING HOLDINGS LIMITED
興銘控股有限公司
(the “Company”)
(incorporated in the Cayman Islands with limited liability)

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HING MING HOLDINGS LIMITED
興銘控股有限公司
(incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] : [REDACTED] Shares (subject to the [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to reallocation and the [REDACTED])
Number of [REDACTED] : [REDACTED] Shares (subject to reallocation)
[REDACTED] : Not more than HK\$[REDACTED] per [REDACTED] and expected to be not less than HK\$[REDACTED] per [REDACTED] (plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) (payable in full on application in Hong Kong dollar and subject to refund)
Nominal Value : HK\$0.01 per Share
Stock Code : [REDACTED]

Sole Sponsor

 **CLC INTERNATIONAL LIMITED**
創僑國際有限公司

[REDACTED]

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Prospective investors of the [REDACTED] should note that the [REDACTED] (for itself and on behalf of the [REDACTED]) may in its absolute discretion, upon giving notice in writing to our Company, terminate the [REDACTED] with immediate effect if any of the events set forth under the section headed “[REDACTED] — [REDACTED] arrangements and expenses — [REDACTED] — [REDACTED] — Grounds for termination” of this document occurs at any time prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. Should the [REDACTED] (for itself and on behalf of the [REDACTED]) terminate the [REDACTED] in accordance with the terms of the [REDACTED], the [REDACTED] will not proceed and will lapse.

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

[REDACTED]

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

CONTENTS

This document is issued by our Company solely in connection with the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED] offered by this document pursuant to the [REDACTED]. This document may not be used for the purpose of, and does not constitute an offer or invitation in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this document to make your investment decision.

Our Company, the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED] have not authorised anyone to provide you with information that is different from what is contained in this document.

Any information or representation not made in this document must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], and any of their respective directors, officers, employees, agents, affiliates and/or representatives or any other party involved in the [REDACTED].

The contents on the website at www.hing-ming.com, which is the official website of our Company, do not form part of this document.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the [REDACTED].

There are risks associated with investment in companies listed on GEM. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk factors” of this document. You should read that section carefully before you decide to invest in the [REDACTED].

BUSINESS OVERVIEW

The principal businesses of our Group include (i) providing rental services of temporary suspended working platforms and other equipment, mainly including tower cranes and generators; and (ii) trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope. We are the leading temporary suspended working platform rental service provider in Hong Kong in 2015 in terms of the revenue generated from the rental of temporary suspended working platforms according to the Frost & Sullivan Report, with a market share of approximately 22.8% of the total revenue of the industry in Hong Kong. We have over 18 years of experience in providing rental and related services of temporary suspended working platforms to our customers. During the Track Record Period, our Group rented temporary suspended working platforms to our customers for housing construction or repair and refurbishment purpose.

The table below set out our revenue by business segments during the Track Record Period:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Rental services								
— Rental income and related services from temporary suspended working platforms	26,421	59.4	31,345	69.6	12,074	64.9	15,459	82.3
— Rental income from tower crane	705	1.6	701	1.6	300	1.6	—	—
— Rental income from other equipment	<u>3,227</u>	<u>7.3</u>	<u>2,159</u>	<u>4.8</u>	<u>1,035</u>	<u>5.5</u>	<u>368</u>	<u>1.9</u>
Sub-total	30,353	68.3	34,205	76.0	13,409	72.0	15,827	84.2
Trading of equipment and spare parts								
— Sales of permanent suspended working platforms	5,239	11.8	4,337	9.6	3,156	17.0	1,890	10.1
— Sales of other equipment and spare parts	7,881	17.7	5,949	13.2	1,810	9.7	896	4.8
— Trade related services income	<u>982</u>	<u>2.2</u>	<u>526</u>	<u>1.2</u>	<u>237</u>	<u>1.3</u>	<u>182</u>	<u>0.9</u>
Sub-total	14,102	31.7	10,812	24.0	5,203	28.0	2,968	15.8
Total revenue	<u>44,455</u>	<u>100.0</u>	<u>45,017</u>	<u>100.0</u>	<u>18,612</u>	<u>100.0</u>	<u>18,795</u>	<u>100.0</u>

SUMMARY

The table below sets out the breakdown of our revenue by geographical locations:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Hong Kong	36,967	83.2	39,725	88.3	16,701	89.7	17,813	94.8
Thailand	4,289	9.6	4,192	9.3	1,364	7.3	913	4.9
Macau	2,493	5.6	901	2.0	515	2.8	19	0.1
Others	706	1.6	199	0.4	32	0.2	50	0.2
Total	44,455	100.0	45,017	100.0	18,612	100.0	18,795	100.0

During the Track Record Period, a majority of our revenue was derived in Hong Kong, and the revenue derived from outside Hong Kong was mainly attributable to our Group’s trading business.

BUSINESS MODEL

Rental services

Temporary suspended working platforms

During the Track Record Period, our Group provided temporary suspended working platforms to our customers for housing construction or repair and refurbishment purpose. We sourced motors and other temporary suspended working platform components separately from our suppliers, and we assembled the platforms in our storage and repairing workshop located in Pat Heung, Hong Kong. Our revenue generated from the rental and related services of temporary suspended working platforms amounted to approximately HK\$26.4 million, HK\$31.3 million and HK\$15.5 million for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively, representing approximately 59.4%, 69.6% and 82.3% of our total revenue for the corresponding periods.

As at 31 August 2016, our Group had over 1,200 units of temporary suspended working platforms. The average rental and related services income of our platforms were approximately HK\$3,800, HK\$3,200 and HK\$3,600 per platform per month for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively. The relatively higher average income for the year ended 31 March 2015 was mainly attributable to a major project in Tai Po which involved the use of specially designed suspended working platforms components, to cope with the technical restriction caused by the design of buildings. The average rental rate per platform per month for the year ended 31 March 2016 was lower than that for the five months ended 31 August 2016, which was mainly attributable to a major project in Sha Tin of lower rental rate due to its relatively larger scale and the revenue contribution from this project was relatively larger for the year ended 31 March 2016. We normally charge our customers a fixed rental price. The pricing policy for our rental services primarily depends on the prevailing market rates. The typical rental period for our temporary suspended working platforms ranges from 13 to 36 months for construction projects and three to 19 months for repair and refurbishment projects.

SUMMARY

The following table sets out the number of tenders submitted, number of successful projects and our Group’s success rate during the Track Record Period:

	For the year ended 31 March		For the five months ended
	2015	2016	31 August 2016
Number of tenders submitted	4	5	Nil
Number of successful projects	2	3	Nil
Success rate (%)	50%	60%	N/A
Revenue from rental contracts obtained through tendering (HK\$’000)	6,801	9,153	5,478 [#]
% of total revenue of our Group	15.3%	20.3%	29.1%

[#] During the five months ended 31 August 2016, our Group was approached by potential customers for quotation only. The revenue contribution from contracts obtained through tendering during this period was from the projects previously awarded.

Tower cranes

Leveraging on our experience in rental of temporary suspended working platform, we expand the range of our rental equipment fleet and offer tower crane rental services to our customers. During the years ended 31 March 2015 and 2016, we owned one jointly-owned tower crane. Each of our Group and an independent business partner owns 50% of the jointly owned tower crane. We purchased two tower cranes during the five months ended 31 August 2016, and two more tower cranes subsequently up to the Latest Practicable Date, in order to capture the market demand of rental services of tower crane and meet the needs of our customers. In June 2016, we secured a rental agreement to supply four tower cranes for a building construction project in Kau To Shan, which has commenced in November 2016 and is expected to end in September 2018.

Our revenue generated from the rental of tower crane amounted to approximately HK\$0.7 million, HK\$0.7 million and nil for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively, representing approximately 1.6%, 1.6% and nil of our total revenue for the corresponding periods. No revenue from rental of tower crane was recognised for the five months ended 31 August 2016 because the jointly owned tower crane underwent repair and maintenance following the completion of the previous rental agreement in March 2016 and we were under negotiation with potential customers for rental agreement. As mentioned above, in June 2016 our Group had entered into a rental agreement in relation to the rental of four tower cranes, which has commenced in November 2016.

Trading of equipment and spare parts

Our Group also engages in the trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope, predominantly in Hong Kong. We sold our equipment and spare parts, which we sourced from suppliers located in Germany, Belgium, Spain and China, mainly to construction contractors and trading companies in Hong Kong during the Track Record

SUMMARY

Period. We charge our customers on a cost-plus basis. Our Group sold 17, five and nine units of permanent suspended working platforms for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively, and the average selling prices per unit were approximately HK\$0.3 million, HK\$0.9 million and HK\$0.2 million for the same period, respectively. We also sold various equipment such as generator and skid loaders to our customers during the Track Record Period.

For details, please refer to the section headed “Business — Principal business and business model” of this document.

COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors:

- i. We are the leading temporary suspended working platforms rental service provider with extensive expertise and stringent quality control which ensures high quality of products and services;
- ii. We maintain stable relationships with our customers and suppliers;
- iii. We have the ability to provide comprehensive temporary suspended working platform rental-related solutions with value-added services;
- iv. We have professional and experienced in-house staff to provide operational and technical support; and
- v. We have an experienced and dedicated management team.

For details, please refer to the section headed “Business — Competitive strengths” of this document.

BUSINESS STRATEGIES

Our business objective is to maintain our position as the leading temporary suspended working platform services provider in Hong Kong and explore new business opportunities if suitable opportunity arises. By adopting the business strategies set out below, we plan to continue to expand our market share and strengthen our market position in Hong Kong.

- i. Continue to strengthen our market position in the industry by replacement of our existing temporary suspended working platforms. Our Directors plan to purchase 1,300 new motors and other necessary components for replacement of old temporary suspended working platforms after taking into account (a) the growing temporary suspended working platform leasing market in Hong Kong; (b) the increasing demand for the use of newer temporary suspended working platforms; (c) maintaining our utilisation rate at an optimal level; and (d) orders from existing customers of our Group; and
- ii. Diversify our income stream and capture the market demand of rental services of tower crane. We plan to further expand our tower crane rental business by hiring new talents with relevant knowledge and purchasing 11 tower cranes after taking into account (a) growing tower crane leasing market in Hong Kong; (b) increasing demand for newer tower cranes with heavier load capacity; (c) expansion of the range of equipment fleet; and (d) orders from an existing customer of our Group.

SUMMARY

For details, please refer to the section headed “Business — Business strategies” of this document.

PROJECTS

Projects undertaken during the Track Record Period

The following table sets forth a breakdown of our revenue from our rental services recognised during the Track Record Period by public and private sector projects:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	(unaudited)							
Revenue recognised from*:								
Public sector projects	13,466	44.4	22,764	66.6	7,655	57.1	12,436	78.6
Private sector projects	16,887	55.6	11,441	33.4	5,754	42.9	3,391	21.4
Total	30,353	100.0	34,205	100.0	13,409	100.0	15,827	100.0

* The total amount of revenue in this table does not include revenue generated from trading business.

Public sector projects refer to projects in respect of the rental of our equipment for public housing construction. Private sector projects refer to projects in respect of the rental of our equipment for private housing and commercial building construction. Revenue generated from public sector projects amounted to approximately 30.3%, 50.6% and 66.3% of our total revenue for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, respectively.

Project backlog

As at the Latest Practicable Date, our project backlog in respect of our rental services comprises 23 projects, with revenue to be recognised after the Track Record Period of approximately HK\$42.1 million. For details, please refer to the section headed “Business — Projects — Project backlog” of this document.

CUSTOMERS

During the Track Record Period, our customers consist of construction companies, owners of commercial properties and trading companies in Hong Kong, as well as overseas suspended working platform companies. We have established long-term relationships with well-established construction companies in Hong Kong, some of which have a business relationship with us for over 10 years. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our five largest customers, all of which are Independent Third Parties, accounted for approximately 71.8%, 78.4% and 85.6% of our total revenue, respectively, and our largest customer accounted for approximately 25.5%, 44.6% and 44.5% of our total revenue for the same period, respectively.

For details, please refer to the section headed “Business — Customers” of this document.

SUMMARY

SUPPLIERS

During the Track Record Period, our suppliers mainly included components and equipment suppliers, many of which were located in Europe, the PRC and Hong Kong. We developed close business relationship with our five largest suppliers during the Track Record Period, which have business relationship with us for up to 18 years and we are not reliant on any single supplier. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our five largest suppliers, all of which are Independent Third Parties, accounted for approximately 55.5%, 70.7% and 83.8% of our total purchase, respectively, and our largest supplier accounted for approximately 20.0%, 35.9% and 58.9% of our total purchase for the same period, respectively.

For details, please refer to the section headed “Business — Suppliers” of this document.

SHAREHOLDING STRUCTURE

Upon the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), our Company will be held as to [REDACTED] by Hing Gut. Hing Gut is an investment holding company incorporated in the BVI with limited liability and is owned as to 90% by Mr. H.K. Tang, our executive Director, and 10% by Ms. Au, our non-executive Director. Mr. H.K. Tang and Ms. Au are spouses. Under the SFO, Ms. Au will be deemed to be interested in the shares held by Mr. H.K. Tang. As (i) Hing Gut will be entitled to exercise 30% or more of the voting power at general meetings of our Company; (ii) Mr. H.K. Tang controls Hing Gut (and hence Hing Gut’s voting interests in our Company) by virtue of holding more than 50% of the voting interests of Hing Gut; and (iii) Mr. H.K. Tang and Ms. Au are spouses, Hing Gut, Mr. H.K. Tang and Ms. Au will be regarded as a group of Controlling Shareholders upon the [REDACTED].

For details, please refer to the section headed “Relationship with our controlling shareholders” of this document.

SUMMARY

KEY OPERATING AND FINANCIAL DATA

The following table presents the summary of our Group's financial information during the Track Record Period.

Selected items in our combined statements of comprehensive income

	For the year ended 31 March		For the five months ended 31 August	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)			
Revenue	44,455	45,017	18,612	18,795
— Rental services	30,353	34,205	13,409	15,827
— Trading of equipment and spare parts	14,102	10,812	5,203	2,968
Gross profit	17,923	21,065	6,492	10,073
Profit before income tax expense	12,131	12,002	3,925	2,086
Profit and total comprehensive income for the year/period	9,832	9,562	3,265	922

Our net profit decreased from approximately HK\$3.3 million for the five months ended 31 August 2015 to approximately HK\$0.9 million for the five months ended 31 August 2016, which was mainly due to the [REDACTED] expenses of HK\$4.9 million incurred during the five months ended 31 August 2016 whereas no [REDACTED] expenses were incurred during the five months ended 31 August 2015.

Breakdown of our gross profit and gross profit margin

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	
	margin	margin	margin	margin	margin	margin	margin	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Rental services								
— Rental and related services of temporary suspended working platforms	12,369	46.8	14,215	45.4	4,063	33.7	8,478	54.8
— Rental of tower crane	407	57.8	404	57.6	175	58.3	—	—
— Rental of other equipment	1,313	40.7	1,055	48.9	477	46.1	149	40.5
Subtotal	14,089	46.4	15,674	45.8	4,715	35.2	8,627	54.5
Trading of equipment and spare parts								
— Sales of permanent suspended working platforms	769	14.7	608	14.0	608	19.3	542	28.7
— Sales of other equipment and spare parts	2,474	31.4	4,287	72.1	947	52.3	734	81.9
— Trade related services income	591	60.1	496	94.0	222	93.8	170	93.8
Subtotal	3,834	27.2	5,391	49.9	1,777	34.2	1,446	48.7
Total	17,923	40.3	21,065	46.8	6,492	34.9	10,073	53.6

SUMMARY

Our gross profit margin for rental and related services of temporary suspended working platforms increased from approximately 33.7% for the five months ended 31 August 2015 to approximately 54.8% for the five months ended 31 August 2016, which was mainly attributable to the increase in revenue from rental related services while the principle cost of which is fixed labour cost.

Our gross profit margin for sales of permanent suspended working platforms increased from approximately 19.3% for the five months ended 31 August 2015 to approximately 28.7% for the five months ended 31 August 2016, which was mainly attributable to the sales of smaller size permanent suspended working platforms sourced from Europe for the five months ended 31 August 2016 which generally has a higher gross profit margin.

Our gross profit margin for sales of other equipment and spare parts increased from approximately 31.4% for the year ended 31 March 2015 to approximately 72.1% for the year ended 31 March 2016, which was mainly attributable to the increase in sales of fully depreciated spare parts. The gross profit margin also increased from approximately 52.3% for the five months ended 31 August 2015 to approximately 81.9% for the five months ended 31 August 2016, which was mainly attributable to the sale of used spare parts with a relatively high gross profit margin.

Selected items in our combined statements of financial position

	As at 31 March		As at
	2015	2016	31 August
	HK\$'000	HK\$'000	2016
			HK\$'000
Net current assets	6,403	15,925	13,800
Total equity	17,644	27,206	28,128

Our net current assets increased from approximately HK\$6.4 million as at 31 March 2015 to approximately HK\$15.9 million as at 31 March 2016. The increase was primarily attributable to (i) the increase in cash and cash equivalents of approximately HK\$10.9 million as a result of the cash inflow generated from operation; (ii) the decrease in amounts due to directors of approximately HK\$3.8 million due to the repayments to directors; and (iii) the increase in prepayments, deposits and other receivables of approximately HK\$1.7 million mainly in relation to the prepayment of [REDACTED] expenses and partially offset by the increase in bank borrowings of approximately HK\$8.7 million.

Our Group's net current assets decreased from approximately HK\$15.9 million as at 31 March 2016 to approximately HK\$13.8 million as at 31 August 2016, which was primarily attributable to the decrease in cash and cash equivalents of approximately HK\$1.9 million as a result of the purchase of machinery during the five months ended 31 August 2016.

SUMMARY

Selected items in our combined statements of cash flows

	For the year ended 31 March		For the five months ended 31 August	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Operating profit before working capital changes	16,201	18,867	5,872	8,643
Net cash generated from/ (used in) operating activities	9,676	10,444	(563)	9,326
Net cash used in investing activities	(2,123)	(3,966)	(2,384)	(7,198)
Net cash (used in)/ generated from financing activities	(905)	4,436	(377)	(4,054)
Cash and cash equivalents at the end of the year/period	8,992	19,906	5,668	17,980

For the five months ended 31 August 2015, our Group had net cash used in operating activities of approximately HK\$0.6 million, mainly as a result of operating cash flows before change in working capital of approximately HK\$5.9 million netting off by the net negative changes in working capital of approximately HK\$6.5 million. The net negative changes in working capital primarily consisted of the increase in trade receivables of approximately HK\$5.3 million, which was mainly due to (i) the commencement of a major rental project in Kau To Shan in April 2015, and (ii) the delivery of a permanent suspended working platform in August 2015, while the relevant receivables were not yet settled by one of our five largest customers as at 31 August 2015.

Key financial ratios

	As at/For the year ended 31 March		As at/For the five months ended 31 August
	2015	2016	2016
Current ratio	1.4 times	1.9 times	1.7 times
Gearing ratio	39.6%	57.6%	64.4%
Net gearing ratio	N/A	N/A	0.4%
Return on equity	55.7%	35.1%	7.9%
Return on total assets	29.3%	20.0%	4.3%
Interest coverage	66.9 times	64.2 times	11.6 times
Gross profit margin	40.3%	46.8%	53.6%
Net profit margin	22.1%	21.2%	4.9%

As a result of the accumulation of profit during the Track Record Period, the return on equity dropped from 55.7% for the year ended 31 March 2015 to 35.1% for the year ended 31 March 2016. The return on equity further decreased to 7.9% for the five months ended 31 August 2016 because of the significant drop in net profit for the five months ended 31 August 2016 due to the [REDACTED] expenses of HK\$4.9 million incurred.

SUMMARY

Our gearing ratio increased from approximately 39.6% as at 31 March 2015 to approximately 57.6% as at 31 March 2016. This was mainly due to the new bank loans borrowed during the year ended 31 March 2016 for future purchase of equipment in relation to our rental business. For details, please refer to the section headed “Future plans and [REDACTED]” of this document.

There is no net gearing ratio for our Group as at 31 March 2015 and 2016 as we were in net cash positions. As at 31 August 2016, a net gearing ratio of 0.4% was recorded and our gearing ratio increased to 64.4%, which was mainly due to the finance lease arrangement entered into during the five months ended 31 August 2016 for purchase of tower cranes.

For details, please refer to the section headed “Financial information” of this document.

COMPETITIVE LANDSCAPE

According to the Frost & Sullivan Report, temporary suspended working platform leasing market was rather concentrated in 2015 and top three players occupied 57.5% of the total market. Our Group was the largest temporary suspended working platform rental service provider in Hong Kong in 2015 in terms of rental income. In 2015, our Group realised the revenue of HK\$31.3 million in temporary suspended working platform leasing and occupied 22.8% of the market.

Hong Kong’s tower crane leasing market consists of dozens of private companies, one of the key market players in the industry is a subsidiary of a listed company in Hong Kong. Typical revenue of the key market players ranged from HK\$5.0 million to HK\$20.0 million per year.

For details, please refer to the section headed “Industry overview” of this document.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

We are aware of the recent delayed commencement of infrastructure and public building construction projects in Hong Kong due to the failure or delay of passing of funding by the committees of the Legislative Council (the “**Political Filibuster**”). Nevertheless, according to the Frost & Sullivan Report, the Political Filibuster shall not materially impact on the government’s long term supporting policy on the development of public building construction and infrastructure. Taken into account the above and the growth drivers identified in the Frost & Sullivan Report, it is expected that although the estimated annual growth rate of temporary suspended working platform leasing value is predicted to decrease from 8% in 2015 to 3.7% in 2016, the estimated annual growth rate from 2016 to 2020 remains steady, with a range of 3.7% to 4.1%, and tower crane leasing market value is likely to reach HK\$367.7 million in 2020, representing a CAGR of 4.6% from 2015 to 2020. Based on the foregoing and given our revenue attributable to public sector increased from HK\$7.7 million for the five months ended 31 August 2015 to HK\$12.4 million for the five months ended 31 August 2016, our Directors are of the view that the Political Filibuster do not impose material impact on our Group in long term.

For our temporary suspended working platform rental services, our Group recorded an utilization rate of 71.9% for the nine months ended 31 December 2016 and a rent-out rate of 61.6% as at 31 December 2016. Such utilisation rate and rent-out rate are lower than those during the Track Record Period because a major residential building construction project in Tseung Kwan O has been delayed. Our Directors were given to understand from our customer, which is the main contractor of such project, that it has misestimated the construction project schedule and the actual construction progress of such project has been falling behind the original schedule. As a result, the majority of the relevant temporary suspended working platforms designated for such project have been stored in our workshop pending for deployment. As the construction process of such project has been speeding up after the Chinese new year holiday in 2017, it is expected that there will be an increasing deployment of such temporary suspended working platforms to our customer’s work site from March 2017.

Subsequent to the Track Record Period, we were awarded six rental agreements for temporary suspended working platforms, generators and tower cranes, with total estimated contract sum of approximately HK\$7.3 million. For details, please refer to the section headed “Business — Projects — Project backlog” of this document. In order to capture more market demand of rental services for tower crane, we have recently submitted a tower crane rental quotation on a project located in Fanling, which involves two tower cranes.

SUMMARY

[REDACTED] EXPENSES

Assuming the [REDACTED] is not exercised and assuming the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range, we expect that our total [REDACTED] expenses, which are non-recurring in nature, will amount to approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] is directly attributable to the issue of new [REDACTED] and to be accounted for as a deduction from equity in the year ending 31 March 2017 following completion of the [REDACTED]. Approximately HK\$[REDACTED] and HK\$[REDACTED] has been recognised and charged to the combined statements of comprehensive income during the year ended 31 March 2016 and the five months ended 31 August 2016, respectively. The remaining estimated [REDACTED] expenses of approximately HK\$[REDACTED] will be charged to the combined statements of comprehensive income upon [REDACTED].

Accordingly, the financial results of our Group for the year ending 31 March 2017 are expected to be materially affected by the estimated expenses in relation to the [REDACTED]. Our Directors would like to emphasise that such cost is a current estimate for reference only and the final amount to be recognised in the combined statements of comprehensive income of our Group for the year ending 31 March 2017 will be subject to adjustment based on audit and the then changes in variables and assumptions.

[REDACTED]

Our Directors believe that the [REDACTED] will enhance our Group’s profile, strengthen the competitiveness and financial position of our Group, and provide our Group with additional working capital to implement the future plans set out in the section headed “Future plans and [REDACTED]” in this document.

We estimate that the aggregate [REDACTED] of the [REDACTED] (after deducting [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED], and based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]) will be approximately HK\$[REDACTED] million, assuming that the [REDACTED] is not exercised. We currently intend to apply such [REDACTED] in the following manner:

- (i) Approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK\$[REDACTED], will be used to strengthen our market position in the suspended working platform industry by purchasing 1,300 new motors and other necessary components for replacement of our old temporary suspended working platforms;
- (ii) Approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK\$[REDACTED], will be used to capture the market demand of rental services of tower crane by purchasing 11 tower cranes and hiring new talents with relevant knowledge; and
- (iii) Approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK\$[REDACTED], will be used as general working capital.

Please refer to the section headed “Future plans and [REDACTED]” of this document for further information on our use of [REDACTED] of the [REDACTED].

DIVIDENDS

During the year ended 31 March 2015, we declared dividends of HK\$8.0 million to the individual shareholders. During the same financial year, such dividend was set off by current accounts with the Directors. Our Company currently does not have a dividend policy and may distribute dividends by way of cash or by other means that our Directors consider appropriate.

SUMMARY

RISK FACTORS

We believe that there are certain risks involved in our operations. Many of these risks are beyond our control and can be categorised into: (a) risks relating to our business; (b) risks relating to our industry; (c) risks relating to the [REDACTED]; (d) risks relating to the statements made in this document. We believe the followings are some of the major risks that may have a material adverse effect on us:

- Our revenue is mainly derived from projects which are not recurring in nature and our business depends significantly on our ability to attract new customers and retain existing customers;
- If we are unable to collect receivables from our customers, our operating results would be adversely affected;
- The suspended working platform industry is cyclical. Decreases in construction activities could materially adversely affect our revenue and operating results by decreasing the demand for our temporary suspended working platforms or the rental rates or prices we can charge;
- The intensified competition in the suspended working platform industry could lead to a decrease in our market share or rental rates; and
- A significant portion of [REDACTED] from the [REDACTED] will be used for purchasing new tower cranes and temporary suspended working platforms for rental purposes. There is no guarantee that the new purchases will be utilised for our business as expected, and our profitability may also be affected by the potential increase in depreciation expenses due to our investment in our rental fleet.

For details, please refer to the section headed “Risk factors” of this document.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation, claim, administrative action or arbitration which had a material adverse effect on the operations or financial condition of our Group.

HISTORICAL NON-COMPLIANCE INCIDENTS

During the Track Record Period and up to the Latest Practicable Date, there were instances where our Group failed to comply with the IRO in respect of (i) filings of the relevant notices regarding the commencement and cessation of employment of our employees; and (ii) tax returns and computations filed with the Inland Revenue Department (the “IRD”). For further details, please refer to the paragraph headed “Business — Compliance — Non-compliance with the IRO” in this document.

OFFER STATISTICS

	Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalisation	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited pro forma adjusted combined net tangible assets per Share	HK\$[REDACTED]	HK\$[REDACTED]

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, save for the [REDACTED] expenses to be incurred as stated in the paragraphs headed “[REDACTED] expenses” in this section, (i) there were no material adverse changes in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position since 31 August 2016 and up to the date of this document; (ii) there was no material adverse change in the trading and financial position or prospects of our Group since 31 August 2016 and up to the date of this document; and (iii) no event had occurred since 31 August 2016 and up to the Latest Practicable Date that would materially and adversely affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DEFINITIONS

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

“Accountants’ Report”	the accountants’ report on our Group for the Track Record Period set out in Appendix I to this document
“[REDACTED]”	[REDACTED]
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 23 February 2017 and with effect from the [REDACTED] Date, and as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “our Board”	the board of Directors
“business day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business to the public
“BVI”	British Virgin Islands
“CAGR(s)”	an acronym for compound annual growth rate, the year-on-year growth rate over a specified period of time
“Capitalisation Issue”	the issue of [REDACTED] Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed “A. Further information about our Company — 5. Written resolutions of our sole Shareholder passed on 23 February 2017” in Appendix IV to this document
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the Peoples’ Republic of China, but for the purpose of this document only and except where the context requires otherwise, references in this document to “China” or “PRC” do not include Hong Kong, Macau and Taiwan
“CLC International” or “Sole Sponsor”	CLC International Limited, a licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, acting as the sole sponsor to the [REDACTED]
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Code on Corporate Governance Practices”	the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Hing Ming Holdings Limited (興銘控股有限公司), a company incorporated in the Cayman Islands on 8 April 2016 as an exempted company with limited liability under the Companies Law
“connected person(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and, in the context of this document, refers to Mr. H.K. Tang, Ms. Au and Hing Gut

DEFINITIONS

“Deed of Indemnity”	the deed of indemnity dated 27 February 2017 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries), further details of which are set out in Appendix IV to this document
“Deed of Non-Competition”	the deed of non-competition dated 27 February 2017 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for our subsidiaries) regarding the non-competition undertakings as more particularly set out in the paragraph headed “Relationship with our Controlling Shareholders — Non-competition undertaking” in this document
“Director(s)”	the director(s) of our Company
“Euro”	the currency used by the Institutions of the European Union and the official currency of the Eurozone
“FIU Ordinance”	Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, which is an Independent Third Party
“Frost & Sullivan Report”	a market research report commissioned by us and prepared by Frost & Sullivan
“FY2015”	the financial year ended 31 March 2015
“FY2016”	the financial year ended 31 March 2016
“GDP”	gross domestic product
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”, “our Group”, “we” or “us”	our Company together with its subsidiaries or, where the context requires, in respect of the period before our Company became the holding company of its present subsidiaries, the companies which carried on the business of the present Group at the relevant time

DEFINITIONS

“Harvest Team (Macau)”	Harvest Team International Limited (奕天國際有限公司), a company incorporated under the laws of Macau with limited liability on 25 June 2013 and was held as to 96% by Mr. H.K. Tang and as to 4% by Ms. Au from its incorporation to its dissolution on 28 April 2016
“Hing Gut”	Hing Gut Limited (興吉有限公司), a company incorporated in the BVI with limited liability on 4 March 2016, which is owned as to 90% and 10% by Mr. H.K. Tang and Ms. Au, respectively
“Hing Ming”	HING MING GONDOLA (HK) COMPANY LIMITED (興銘吊船(香港)有限公司), a company incorporated in Hong Kong with limited liability on 22 September 1997 and an indirect wholly-owned subsidiary of our Company
“HKCIC”	the Hong Kong Construction Industry Council
“HK\$” or “HK dollar(s)” or “HKD” or “cent(s)”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“HKHA”	the Hong Kong Housing Authority
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	Hong Kong Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK Legal Advisers”	ONC Lawyers, the Company’s legal advisers as to Hong Kong laws
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“[REDACTED]”	[REDACTED]
“Independent Third Party(ies)”	party(ies) which are independent of and not connected with any director, chief executive or Substantial Shareholder of our Company or any of its subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules
“IRO”	the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)
“Latest Practicable Date”	20 February 2017, being the latest practicable date for ascertaining certain information prior to the printing of this document

DEFINITIONS

“Legal Counsel”	Chan Chung, barrister-at-law of Hong Kong and legal adviser to our Company as to certain aspects of Hong Kong law relating to our Group
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Listing Division”	the listing division of the Stock Exchange (with responsibility for GEM)
“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market operated by the Stock Exchange, which excludes the GEM and the options market
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company
“Mr. H.K. Tang”	Tang Hing Keung (鄧興強), one of our executive Directors, chairman of our Board, chief executive officer of our Company and one of our Controlling Shareholders, and the spouse of Ms. Au and the father of Mr. M.H. Tang
“Mr. M.H. Tang”	Tang Ming Hei (鄧銘禧), one of our executive Directors and the son of Mr. H.K. Tang and Ms. Au
“Ms. Au”	Au Fung Yee (區鳳怡), one of our non-executive Directors and one of our Controlling Shareholders, and the spouse of Mr. H.K. Tang and the mother of Mr. M.H. Tang
“Nomination Committee”	the nomination committee of the Board
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]

DEFINITIONS

“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the official currency of the PRC
“Reorganisation”	the corporate reorganisation of our Group conducted in preparation for the [REDACTED], as more particularly described in the paragraph headed “History, Development and Reorganisation — Reorganisation” in this document
“Reorganisation Agreement”	the reorganisation agreement dated 23 February 2017 entered into among Mr. H.K. Tang, Ms. Au, Trend Novel, Hing Ming, Hing Gut and our Company, relating to the sale and purchase of shares in Hing Ming
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)” or “our Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of our Company, which are to be traded in Hong Kong dollars and [REDACTED] on GEM
“[REDACTED]”	[REDACTED]
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 23 February 2017, the principle terms of which are summarised in the sub-section headed “D. Share option scheme” in Appendix IV to this document
“Shareholder(s)”	holder(s) of the Share(s)
“[REDACTED]”	[REDACTED]
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the GEM Listing Rules, unless the context otherwise requires

DEFINITIONS

“Substantial Shareholder(s)”	substantial shareholder(s) of our Company having the meaning ascribed to it under the GEM Listing Rules
“SWPR”	Factories and Industrial Undertakings (Suspended Working Platforms) Regulation (Chapter 59AC of the Laws of Hong Kong)
“Track Record Period”	the period comprising the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016
“Trend Novel”	Trend Novel Limited (興新有限公司), a company incorporated in BVI with limited liability on 1 February 2016 and a wholly-owned subsidiary of our Company
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“United States” or “U.S.”	the United States of America
“USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933 (as amended from time to time)
“[REDACTED]”	[REDACTED]
“[REDACTED]”	[REDACTED]
“%”	per cent.

GLOSSARY

This glossary contains explanations of certain terms, definitions and abbreviations used in this document in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

“Competent Examiner”	in relation to the carrying out of any thorough examination or load test and thorough examination of suspended working platform required by the SWPR, a person who is: (a) appointed by our Group required by the SWPR to ensure that such thorough examination or load test and thorough examination is carried out; (b) a registered professional engineer registered under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong) within a relevant discipline specified by the Commissioner for Labour; and (c) by virtue of his previous experience, competent to carry out thorough examination or load test and thorough examination
“Competent Person”	in relation to any duty to be performed by such a person under the SWPR, means a person who is: (a) appointed by our Group to ensure that the duty is carried out; and (b) by reason of substantial training and practical experience, competent to perform the duty
“Contractor’s All Risk”	an insurance policy that provides coverage for all risks associated normally with a construction project
“KVA”	kilovolt-ampere, a unit of apparent power. 1 KVA = 1,000 volt ampere
“permanent suspended working platform”	a permanent suspended working platform is designed especially to be permanently installed on a specific building or structure for the inspection, cleaning and maintenance of the facades. It is also known as a building maintenance unit
“temporary suspended working platform”	a temporary suspended working platform is temporarily assembled on a building or a structure. The working platform may be lifted or lowered by winches or climbers which are usually mounted on the working platform

FORWARD-LOOKING STATEMENTS

Our Company has included in this document forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections entitled “Summary”, “Risk Factors”, “Industry Overview”, “Business” and “Financial Information”, which are, by their nature, subject to risks and uncertainties.

In some cases, our Company uses the words “aim”, “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” and similar expressions or statements to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plans of operations;
- our capital expenditure and funding plans;
- our Group’s business prospects;
- general economic conditions;
- capital market development;
- certain statements in “Financial Information” with respect to trends in prices, volumes, operations;
- overall market trends, risk management and exchange rates;
- the regulatory environment as well as the general industry outlook for the industries in which we operate; and
- other statements in this document that are not historical fact.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the control of our Company. In addition, these forward-looking statements reflect the current views of our Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to those discussed under the section headed “Risk Factors” and elsewhere in this document.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond the control of our Company. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

FORWARD-LOOKING STATEMENTS

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to these cautionary statements.

RISK FACTORS

Potential investors of the [REDACTED] should carefully consider all of the information set out in this document and, in particular, the following risks and special considerations associated with an investment in the [REDACTED] before making any investment decision in relation to the [REDACTED]. If any of these events occurs, our business, financial condition and results of operations could be materially and adversely affected and the trading price of the Shares may decline, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our revenue is mainly derived from projects which are not recurring in nature and our business depends significantly on our ability to attract new customers and retain existing customers

Our revenue is typically derived from construction projects which are non-recurring in nature and our customers are under no obligation to award projects to us. Our customers are mainly construction companies engaged in construction projects. In general, our contracts with customers are project based and we receive periodic payments. Our revenue may depend materially on a number of large scale construction projects in which a large number of our temporary suspended working platforms is engaged. When our customers complete the respective stages of the construction projects we are involved in, our engagements with them will terminate. There is no guarantee that our customers will continue to engage us in future construction projects to a similar extent, or at all. Our customers may rent from our competitors for their future construction projects. If we cannot retain our existing customers, attract new customers or secure projects with similar scale in the future, our business and operating results can be adversely affected.

If we are unable to collect receivables from our customers, our operating results would be adversely affected

We face the risk that we may not receive payments on time and in full. As at 31 March 2015 and 2016 and 31 August 2016, our trade receivables were approximately HK\$11.3 million, HK\$11.5 million and HK\$10.1 million, respectively, and our impairment loss on trade receivables amounted to approximately HK\$1.8 million, HK\$0.8 million and HK\$0.5 million, respectively. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, trade receivables turnover days of our Group were approximately 92 days, 92 days and 81 days respectively, which were longer than the average credit terms of approximately 30 days granted to our customers. This is because some of our customers are sizable construction contractors and incline to exhibit a slower payment pattern as they normally settled the bills in accordance with their own settlement policies instead of our credit period granted. There is no assurance that the financial position of our customers will remain healthy in the future and that we will be able to collect payments from our customers on time. If the financial position of any of our major customers deteriorates in the future, the risk of default on their payments to us will increase, which in turn will adversely affect our operating results and cash flow.

RISK FACTORS

The nature of our business exposes us to various liability claims which may exceed the scope or level of our insurance coverage and thereby not fully protect us, or not be covered by our insurance at all, and this could have a material adverse effect on our operating performance

Our business exposes us to claims for personal injury, death or property damage resulting from the use of the products we lease, sell, service or repair and from injuries caused in accidents in which our personnel are involved and other employee-related matters. Our technicians may be exposed to risks when performing their duties at our customers' construction sites, and may suffer personal injuries as a result of accidents arising out of or in the course of their employment. We may also be liable for any damage or injuries resulting from accidents caused by the fault or negligence of our technicians.

The cost of such insurance policies may increase significantly upon renewal of those policies if the general claim rate for our industry and/or our claim rate increases. Our existing or future claims may exceed the coverage level of our insurance, and such insurance may not continue to be available on economically reasonable terms, or at all. If we are required to pay significantly higher premiums for insurance, we are not able to maintain insurance coverage at affordable rates or if we must pay amounts in excess of claims covered by our insurance, we could experience higher costs that could materially adversely affect our business, financial condition and results of operations.

We face the risk of loss or damage to our suspended working platforms due to fire, flood, theft or other kinds of accidents in our day-to-day operations. Such events may lead to disruptions and may therefore adversely affect our profitability. We do not maintain insurance covering our equipment for rental because our Directors consider that the costs of insurance coverage are too high for us to justify the benefits of maintaining such insurance coverage.

The suspended working platform industry is cyclical. Decreases in construction activities could materially adversely affect our revenue and operating results by decreasing the demand for our temporary suspended working platforms or the rental rates or prices we can charge

The suspended working platform industry is cyclical in general and its revenue are tied to Hong Kong government's housing policy, general economic conditions and conditions in the construction industry in particular. Our products and services are used primarily in housing construction, repair and refurbishment projects which is cyclical and sensitive to changes in general economic conditions. Weakness in our end-markets, such as a decline in housing construction activity, may decrease the demand for our platforms or the rental rates or prices we can charge for rental related services.

A decrease in demand for our platforms would materially and adversely affect our ability to generate revenue, and our financial condition and results of operations.

The intensified competition in the suspended working platform industry could lead to a decrease in our market share or rental rates

According to the Frost & Sullivan Report, temporary suspended working platform leasing market was rather concentrated in 2015 and top three players occupied 57.5% of the total market. While our Group was the largest temporary suspended working platform leasing company in 2015 in Hong Kong in terms of rental income, our competitors may be able to provide their platforms at a lower rental rate to capture more market shares. We may encounter intensified competition in the rental and sales market from existing competitors or from new market entrants.

RISK FACTORS

We believe that rental rates, customer support, quality and quantity of platforms are the primary competitive factors in the suspended working platform industry. From time to time, our competitors may compete by lowering their rental rates or prices. Intensified competition could materially adversely affect our revenue and operating results by decreasing our market share or depressing the rental rates. If we lower rental rates or increase our number of platforms in order to retain or increase our market share, our operating margins would be adversely impacted.

Projected revenue amounts reported in our backlog could fail to result in actual revenue or translate into profits

Backlog represents our estimated contract value to be completed as of a certain date and the contract value of a project represents the amount we expect to receive assuming our performance is in accordance with the terms of the contract. As at the Latest Practicable Date, our project backlog in respect of our rental services comprises 23 projects, with revenue to be recognised after the Track Record Period of approximately HK\$42.1 million. For details, please refer to the section headed “Business — Projects — Project backlog” of this document.

During the Track Record Period, no project undertaken by us was subject to suspension or early termination by our customers. However, during the Track Record Period, the actual amounts we received in respect of two projects were less than their estimated contract value by an aggregate sum of approximately HK\$0.2 million due to the modification of the requirements of such projects by our customers during the relevant rental period. Given that our contracts are terminable on short notice and the typical minimum rental period is seven days, any material modifications, terminations or suspension of our contracts by our customers, especially with regard to any one or more sizeable contracts, would have a material effect on our backlog and our business and results of operations. These projects may also remain in the backlog for an extended period of time beyond the anticipated initial period due to various factors beyond our control. Also, there can be no assurance that we can perform our contracts in full in accordance with their terms without any delay or defect due to reasons beyond our control. Additionally, we cannot guarantee that the revenue from project backlog will be realised in a timely fashion, or at all, or that, even if the revenue is realised, that it will result in profits. As a result, you should not take the value of our project backlog as an indication of our revenue or profitability in the future.

A significant portion of [REDACTED] from the [REDACTED] will be used for purchasing new tower cranes and temporary suspended working platforms for rental purposes. There is no guarantee that the new and existing tower cranes and temporary suspended working platforms will be utilised for our business as expected, and our profitability may also be affected by the potential increase in depreciation expenses due to our investment in our rental fleet

As discussed in the section headed “Future plans and [REDACTED]” in this document, we intend to apply approximately HK\$[REDACTED], representing [REDACTED]% of the [REDACTED] from the [REDACTED], to purchase tower cranes and recruit related personnel to capture the market demand of tower crane rental services. In addition, approximately HK\$[REDACTED], representing [REDACTED]% of the [REDACTED] from the [REDACTED], will be spent on the purchase of motors and other necessary components of temporary suspended working platform. We will be making the purchases based on our business needs, which ultimately depends on our negotiation with potential customers.

RISK FACTORS

There is no assurance that we will be able to maintain our utilisation rates for the new and existing temporary suspended working platforms and tower cranes. In case the utilisation rates of temporary suspended working platforms and tower cranes decrease, our net profit margin and results of operation of our Group may be adversely affected.

We depreciate our property, plant and equipment on a straight-line basis over their estimated useful lives. For more information on the relevant accounting policy, please refer to Note 5.2 to the Accountants’ Report as set out in Appendix I to this document. As we continue to make significant investments in our rental fleet, it is expected that additional depreciation expenses will be incurred, which will result in increase in our cost of sales and services rendered and adversely affect our profit margin and results of operation.

We may be required to be vacated from our leased premises and we may not be able to secure suitable premises for storage and repairing of our suspended working platforms and other rental equipment

We lease premises for storage and repairing of our suspended working platforms and other rental equipment. There is no assurance that we can renew or continue to lease our current open storage and repairing workshop when the relevant lease term expires. If we are unable to renew our existing lease, secure suitable new premises, or if there is sudden reduction in demand for our rental platforms and equipment, we may need to secure alternative or additional storage and repairing workshop.

As advised by our HK Legal Advisers, whether our landlord is allowed to let or sub-let portion of Lot No. 1164 in Demarcation District No. 111, Pat Heung, Hong Kong (the “**Relevant Lot**”), which forms part of our current open storage and repairing workshop, to us are in doubt and we may be required by the relevant registered owner to be vacated from the Relevant Lot. For details, please refer to the paragraph headed “Business — Property” in this document. If we are required to be vacated from our leased premises, our Directors expect the relocation cost be approximately HK\$0.5 million and it would take around two weeks for such relocation. As storage facilities and workshops have to be located on premises which meet zoning and permitted land use requirements, such premises may not be immediately available when needed. Further, the time and cost of relocation are based on our Directors’ current estimation. We cannot assure you that we will be able to secure suitable premises for our use within our expected timeframe and at a commercially reasonable price. If we cannot extend our current lease and/or cannot find alternative and additional premises when required, it may result in disruptions to our operations which may in turn adversely affect our operating results.

Our success and business operations are largely dependent on certain key personnel and our ability to attract and retain talented personnel

Our success depends heavily on the continued services of our key personnel employees. In particular, we rely on the expertise, experience and leadership of our executive Directors and our senior management, who play a vital role in our operation. Please see the section “Directors and Senior Management” for details.

If one or more of our senior executives or other key employees are unable or unwilling to continue in their present positions, we may not be able to replace them promptly, or at all, which may severely disrupt our business and affect our results of operations and future prospects.

RISK FACTORS

Our business operations are dependent on the quality and supply of the major suppliers of our Group

We work closely with the major suppliers of our Group, which consists of equipment manufacturers from Europe and China. We are dependent on the quality and continued supply of equipment and spare parts such as permanent suspended working platforms and motors from these suppliers to maintain our operation. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our five largest suppliers, all of which are Independent Third Parties, accounted for approximately 55.5%, 70.7% and 83.8% of our total purchase, respectively, and our largest supplier accounted for approximately 20.0%, 35.9% and 58.9% of our total purchase for the same period, respectively.

Given our stable business relationship with some of our major suppliers, if they cease to be a going-concern, we may have to source for alternative suppliers and may be charged a higher price, which in turn may adversely affect our profitability and financial performance.

Our reputation may be adversely affected if there are major disruptions in our rental and trading business

Over the years, we believe that we have built goodwill among our customers. If there are any major disruptions to our operations due to events such as industrial accidents, major or frequent breakdowns of our products, recall of equipment or components from our suppliers due to quality problems, inability of our technicians to provide timely services to our customers, or due to other circumstances which are beyond our control, we may face adverse publicity and hence our reputation and goodwill with customers may be adversely affected.

We may not be able to implement all or any of our business plans successfully

Our Group has set out its future plans in order to achieve its business objectives in the section headed “Future plans and [REDACTED]” in this document. The future plans are developed based on a number of assumptions, forecasts, and commitments of our Group. Due to circumstances beyond our Group’s control, including many of the other risks as set out in this section headed “Risk factors” in this document, or for reasons that may render the assumptions and forecasts inoperable, there is no assurance that all or any of the future plans may be successfully implemented.

We are exposed to interest rate risks which is unhedged and may affect our cash flows

As at 31 August 2016, our Group had bank borrowings amounting to approximately HK\$13.6 million, with interest charged at prime rate minus range from 1.75% to 2.75%. Our Group has not hedged against interest rate risks. Should there be an increase in interest rate, our interest expenses may increase and our cash flows and profitability may be adversely affected.

Our historical financial and operating results may not be indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability

During the Track Record Period, we generated our revenue from (i) rental and related services of temporary suspended working platforms; (ii) trading of permanent suspended working platforms; and (iii) rental of other construction equipment such as tower crane and generator. During the Track Record

RISK FACTORS

Period, our Group’s revenue has experienced growth through increase in the number of our platforms. Our revenue increased from approximately HK\$44.5 million for the year ended 31 March 2015 to approximately HK\$45.0 million for the year ended 31 March 2016, representing approximately 1.3% growth and increased from approximately HK\$18.6 million for the five months ended 31 August 2015 to approximately HK\$18.8 million for the five months ended 31 August 2016. However, such trend of historical financial information of our Group is an analysis of our past performance only and does not have any implication or may not necessarily reflect our financial performance in the future as it will solely depend on our capability to secure new contracts, maintain our relationships with our customers and keep our costs at the current level. We cannot assure you that such growth rate can be sustained and if our Group experiences any stagnant or negative growth in the future, our profitability will be adversely affected.

We have records of non-compliance with the IRO in respect of the employment with our employees

During the Track Record Period, we breached certain sections of the IRO by (i) failing to submit the notice (Form IR56E) regarding the commencement of employment of 59 employees; and (ii) failing to submit the notice (Form IR56F) regarding the cessation of employment of 59 employees. For details, please refer to the paragraph headed “Business — Non-compliance matters” in this document.

Under the IRO, the maximum penalty for each offence under each of section 52(4) and section 52(5) is HK\$10,000. Accordingly, a maximum penalty of HK\$590,000 may be imposed on our Group in respect of our non-compliances with each of section 52(4) and section 52(5) of the IRO. As advised by our Legal Counsel, the chance of prosecution for such non-compliance is remote. In the event that the relevant authority takes action against us and/or our Controlling Shareholders fail to indemnify us to a sufficient extent or at all, we may have to bear certain amount of penalties imposed on us for the aforementioned non-compliance incidents. In these circumstances, if we are required to make significant penalty payments, our reputation, cash flow, results of operations and financial position may be adversely affected.

We are liable to pay the amount of tax undercharged and may be subject to penalty or surcharge imposed by the Inland Revenue Department of Hong Kong (the “IRD”)

As disclosed in the paragraph headed “Financial Information — Tax liabilities” in this document, there was tax undercharged of approximately HK\$0.4 million for the year of assessment 2014/2015 due to errors or omissions made in tax returns and computations for the years of assessment 2013/14 and 2014/15. We may be liable to pay the amount of tax undercharged and may be subject to penalty imposed by the IRD. The amount of tax undercharged and any resulting penalty are subject to the assessment of the IRD. Under section 82A of the IRO, the maximum penalty would be HK\$199,699 (HK\$443,776 x 45%). In the event that we are liable for any tax liability in relation to the tax undercharged and/or the resulting penalty, the financial performance of our Group may be adversely affected.

RISK FACTORS

RISKS RELATING TO OUR INDUSTRY

Hong Kong is our principal market and our business is susceptible to any material deterioration in the economic, political and regulatory environment in Hong Kong

During the Track Record Period, a majority of our revenue was derived in Hong Kong and we expect that Hong Kong will continue to be our principal market and place of operation. Accordingly, if Hong Kong experiences any adverse economic, political or regulatory conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks, terrorist attacks, or if the government adopts regulations that place restrictions or burdens on us or on our industry in general, our business, results of operations and prospects would be materially and adversely affected. In addition, we have limited business presence in overseas jurisdictions, and may have difficulties in relocating our entire business operation to other geographic markets if there is any material deterioration in the economic, political and regulatory environment in Hong Kong.

We face competition with existing and new suspended working platform service providers despite the entry barriers in the suspended working platform industry. Competition from other market players may lead to a reduction of our market share and profits

According to the Frost & Sullivan Report, the temporary suspended platform leasing market was rather concentrated in 2015 and top three players occupied 57.5% of the total market. These service providers may have well established relationship with their customers and/or reputation in the suspended working platform industry.

There are entry barriers for new entrants to enter the suspended working platform industry in Hong Kong, such as challenges in acquiring industry expertise, possessing the ability to customise the temporary suspended working platforms, providing integrated service and sourcing customers which have already built up relationships with existing service providers. We face competition with existing providers as well as new entrants which can overcome these entry barriers. There is no assurance that our competitors will not develop the expertise, experience and resources necessary to provide services that are superior in quality and/or in price compared to our services. Failure to maintain or enhance our competitiveness within the industry or maintain our customer base may result in decrease in profit margins and loss of market share, and our financial performance and profitability may be adversely affected.

RISKS RELATING TO THE [REDACTED]

The market price and trading volume of the Shares may be highly volatile

The market price and trading volume of the Shares may be highly volatile and fluctuate substantially as a result of many factors, some of which are beyond our control, including:

- actual or anticipated fluctuations in our Group’s revenue, earnings or cash flow;
- changes in securities analysts’ estimates, if any, of our financial performance;
- restrictive regulations or limitations imposed on our industry by relevant authorities;

RISK FACTORS

- announcements of new investments, acquisitions, joint ventures or strategic alliances; and
- general economic and market conditions or other developments affecting us or our industry.

Any such developments may result in large and sudden changes in the volume and market price at which the Shares will be trading. There are no assurances that these developments will or will not occur in the future and it is difficult to quantify the impact on our Group and on the trading volume and market price of the Shares. In addition, the Shares may be subject to changes in the market price, which may not be directly related to our financial or business performance.

Shareholders' equity interests may be diluted

Our Group may need to raise additional funds in the future to finance, inter alia, expansion or new developments relating to its existing operations or new acquisitions. If additional funds are raised through the issue of new equity and equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of the Shareholders in our Company may be reduced and Shareholders may experience dilution in their percentage shareholdings in our Company. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

Investors of the Shares may experience dilution in the net tangible asset book value per Share of the Shares they invested if our Company issues additional Shares in the future at a price which is lower than the net tangible asset book value per Share.

Future sale of Shares by existing Shareholders could materially and adversely affect the prevailing market price of the Shares

The Shares beneficially owned by our Controlling Shareholders are subject to certain lock-up periods under the GEM Listing Rules. There are no assurances that our Controlling Shareholders will not dispose of the Shares held by them following the expiration of the lock-up periods, or any Shares they may come to own in the future. Our Group cannot predict the effect, if any, of any future sales of the Shares by any Substantial Shareholder or Controlling Shareholder on the market price of the Shares. Sale of a substantial amount of Shares by any of them or the issue of a substantial amount of new Shares, or the market perception that such sale or issue may occur, could materially and adversely affect the prevailing market price of the Shares.

There is possibility of a lack of an active trading market for the Shares

Prior to the [REDACTED], there has been no public market for the Shares, and there is no assurance that an active trading market for the Shares will develop or be sustained upon completion of the [REDACTED]. An application has been made to the Stock Exchange for the [REDACTED] and permission to deal in the Shares. However, a [REDACTED] of the Shares on the Stock Exchange does not guarantee a liquid public market for the Shares after the [REDACTED]. If an active public market for the Shares does not develop after the [REDACTED], the market price and liquidity of the Shares may be adversely affected.

RISK FACTORS

We cannot assure that we will pay dividend in the future or at all

We cannot assure investors that we will pay dividend in the future or at all. Potential investors should be aware that our Group have only paid dividend once during the Track Record Period, where HK\$8.0 million dividend was declared and settled in the financial year ended 31 March 2015. Whether dividend will be distributed and the amount of dividend will depend upon our profitability, financial condition, business development requirements, future prospects and cash requirement of our Group. Any declaration, payment and amount of dividend will be subject to, among other things, our constitutional documents and the Cayman Islands law.

RISKS RELATING TO THE STATEMENTS MADE IN THIS DOCUMENT

Forward-looking statements contained in this document may prove inaccurate and therefore investors should not place undue reliance on such information

This document contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. The actual financial results, performance or achievements of our Group may differ materially from those discussed in this document.

Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Group or the [REDACTED]

Prior to the completion of the [REDACTED], there may be press and media coverage regarding our Group or the [REDACTED], which may include certain events, financial information, financial projections and other information about us that do not appear in this document. Our Directors have not authorised the disclosure of any other information not contained in this document and would like to emphasise to the prospective investors that our Group does not accept any responsibility for the accuracy or completeness of such information. Our Directors make no representation as to the appropriateness, accuracy, completeness and reliability of any information nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Group or the [REDACTED]. Prospective investors are also cautioned that in making their decisions as to whether to purchase the Shares, they should rely only on the financial, operational and other information included in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Tang Hing Keung (鄧興強) (Mr. H.K. Tang)	Flat A, 23/F., Tower 16, Laguna Verde, Hung Hom, Kowloon, Hong Kong	Chinese
Mr. Tang Ming Hei (鄧銘禧) (Mr. M.H. Tang)	Flat A, 23/F., Tower 16, Laguna Verde, Hung Hom, Kowloon, Hong Kong	Chinese
<i>Non-executive Directors</i>		
Ms. Au Fung Yee (區鳳怡) (Ms. Au)	Flat A, 23/F., Tower 16, Laguna Verde, Hung Hom, Kowloon, Hong Kong	Chinese
Mr. Au Lop Wah Edmond (區立華)	Flat E & F, 28/F., Tower 18, Laguna Verde, Hung Hom, Kowloon, Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Kwan Woon Man Boris (關煥民)	Flat B, 33/F., Tower 6, Century Gateway, 83 Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong	British
Mr. Chiu Chi Wing (趙志榮)	Flat 1309, Wah Hei House, Tung Hei Court, Shau Kei Wan, Hong Kong	Chinese
Mr. Tang Man Ho Michael (鄧文豪)	House A16, Chateau Royale, 1 Yung Yi Road, Tai Po, New Territories, Hong Kong	Chinese

See the section headed "Directors and senior management" in this document for further details of our Directors.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	CLC International Limited 13/F., Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong
Sole [REDACTED], Sole [REDACTED] and [REDACTED]	[REDACTED]
Legal advisers to our Company	<i>As to Hong Kong law</i> ONC Lawyers 19th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong <i>As to Cayman Islands law</i> Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sole Sponsor and the [REDACTED] as to Hong Kong law	Loeb & Loeb LLP 21st Floor, CCB Tower, 3 Connaught Road Central, Hong Kong
Auditors and reporting accountants	BDO Limited <i>Certified Public Accountants</i> 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
Receiving bank	The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	31/F., 148 Electric Road North Point Hong Kong
Company's website	www.hing-ming.com <i>(Note: the information contained in this website does not form part of this document)</i>
Company secretary	Mr. Chan Kam Man (陳錦文), CPA & FCCA Flat F, 15/F. Ling Pak Mansion Parkvale Quarry Bay Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Tang Hing Keung (鄧興強) (Mr. H.K. Tang) Flat A, 23/F., Tower 16 Laguna Verde Hung Hom Kowloon Hong Kong Mr. Tang Ming Hei (鄧銘禧) (Mr. M.H. Tang) Flat A, 23/F., Tower 16 Laguna Verde Hung Hom Kowloon Hong Kong
Compliance officer	Mr. Tang Ming Hei (鄧銘禧) (Mr. M.H. Tang) Flat A, 23/F., Tower 16 Laguna Verde Hung Hom Kowloon Hong Kong
Audit committee	Mr. Chiu Chi Wing (<i>Chairman</i>) Mr. Kwan Woon Man Boris Mr. Tang Man Ho Michael

CORPORATE INFORMATION

Remuneration committee

Mr. Tang Man Ho Michael (*Chairman*)
Mr. Kwan Woon Man Boris
Mr. Chiu Chi Wing

Nomination committee

Mr. Kwan Woon Man Boris (*Chairman*)
Mr. Chiu Chi Wing
Mr. Tang Man Ho Michael

**[REDACTED] and
transfer office**

[REDACTED]

[REDACTED]

[REDACTED]

Compliance adviser

CLC International Limited
13/F., Nan Fung Tower
88 Connaught Road Central
Central, Hong Kong

Principal bankers

OCBC Wing Hang Bank Limited
161 Queen’s Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
G/F., The Center
99 Queen’s Road Central
Hong Kong

INDUSTRY OVERVIEW

This section contains certain information, statistics and data which is derived from various official government or publicly available sources and from the market research report prepared by Frost & Sullivan which was commissioned by us. The market research report prepared by Frost & Sullivan reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in our Group. We believe that the sources of such information are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, our Controlling Shareholders, the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED] or any other party involved in the [REDACTED] or their respective directors, officers, employees, advisers, agents and no representation is given as to the accuracy or completeness of such information. Accordingly, such information should not be unduly relied upon.

Our Directors have confirmed that, after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report, which may qualify, contradict or have an impact on the information as disclosed in this section.

SOURCE OF INFORMATION

In connection with the [REDACTED], we have engaged Frost & Sullivan, an Independent Third Party, to conduct a study of the suspended working platform and tower crane market in Hong Kong. Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy. Frost & Sullivan has been covering Hong Kong market and Chinese market since the 1990's. Frost & Sullivan has four offices in China and direct access to the most knowledgeable experts and market participants in the manufacturing equipment trading and leasing industry and its industry consultants have an average of more than five years of experience.

We have included certain information from the Frost & Sullivan Report in this document because we believe such information facilitates an understanding of Hong Kong's suspended working platform and tower crane market for prospective investors. The methodology used by Frost & Sullivan in gathering the relevant market data in compiling the Frost & Sullivan Report included secondary research and primary interviews. Secondary research involves information integration of data and publication from publicly available resources, including official data and announcements from Hong Kong government departments, and market research on industry and enterprise player information issued by our chief competitors. Primary interviews are conducted with relevant institutions to obtain objective and factual data and prospective predictions. Frost & Sullivan considers the source of information as reliable because (i) it is general market practice to adopt official data and announcements from various Hong Kong government departments; and (ii) the information obtained from interviews is for reference only and the findings in the Frost & Sullivan Report are not based on the results of these interviews. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following

INDUSTRY OVERVIEW

assumptions: (i) Hong Kong’s economy is likely to maintain steady growth in the next decade; (ii) Hong Kong’s social, economic, and political environment is likely to remain stable in the forecast period; and (iii) Market drivers include plan for 480,000 flats, projects demand from mega infrastructure, substitution of bamboo shed with suspended working platforms, aging buildings, development of public housing, stable and favorable macro-economic conditions, mega public projects, etc.

We agreed to pay Frost & Sullivan a fee of HK\$446,600 for the preparation of the Frost & Sullivan Report, of which HK\$407,800 was paid as at the Latest Practicable Date. The balance of the fee is not contingent upon the completion of the [REDACTED].

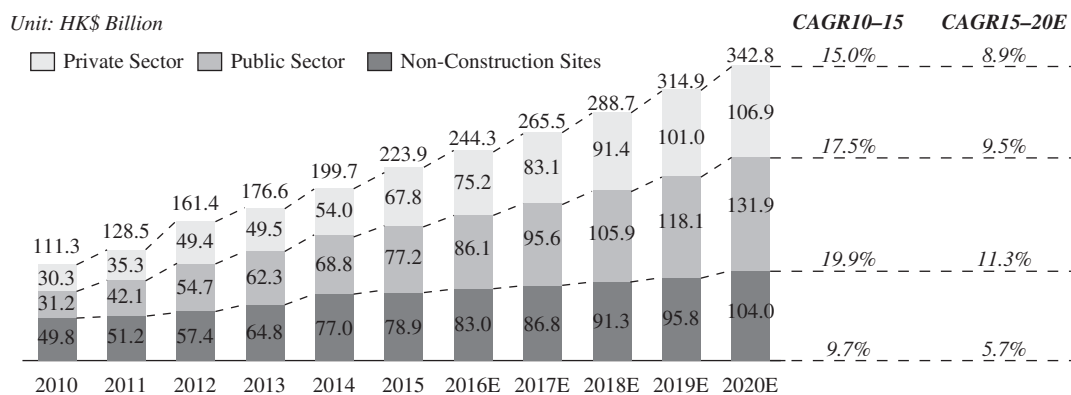
HONG KONG MACRO ECONOMIC OVERVIEW

The economic conditions in Hong Kong largely correlated with the overall construction market, thus influencing the construction equipment rental market. Hong Kong’s economy grew at a rate of 8.9% per annum in 2011. This was due to the rapid growth in many Asian economies and moderate recoveries in Europe and the United States that allowed Hong Kong’s external trade to remain competitive. Growth was also supported by an expanding domestic market due to increasing intra-regional production activities and growing number of tourists from China. According to the Census and Statistics Department of Hong Kong, the nominal GDP in Hong Kong grew from approximately HK\$1,776.3 billion in 2010 to approximately HK\$2,386.4 billion in 2015. According to International Monetary Fund, the nominal GDP in Hong Kong is expected to reach HK\$3,056.4 billion in 2020, representing a CAGR of 5.1% from 2015 to 2020.

Market Overview of Hong Kong Construction Market

Hong Kong has very high population density, which resulted in pressure on civil and building construction. At the current stage, there are many contractors and sub-contractors doing business in Hong Kong market, including Hong Kong local contractors, global contractors and contractors from Mainland China. Major contractors have been deeply involved in Hong Kong construction market for years, and have strong connections with upstream and downstream players. Current market dynamics are likely to be sustained in the next future years.

Gross Value of Construction Works Breakdown by Main Contractors (Hong Kong), 2010–2020E

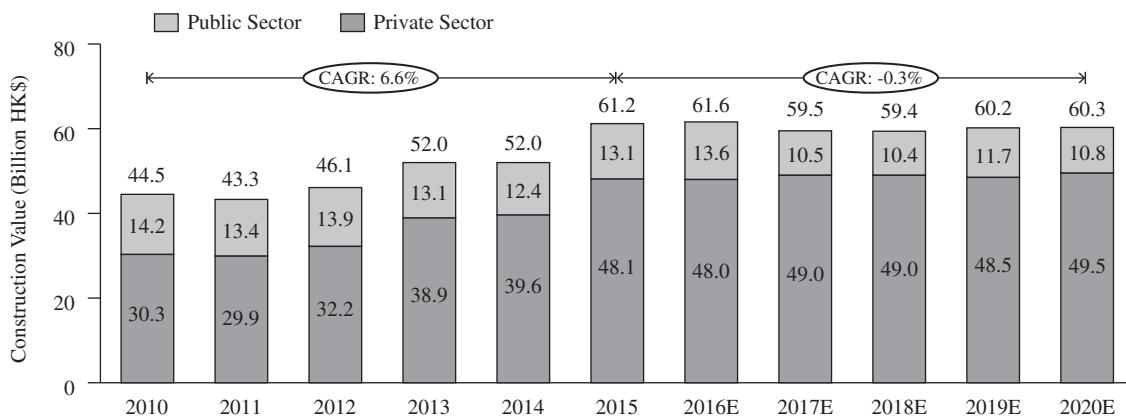


Source: HKCIC; Frost & Sullivan Analysis

INDUSTRY OVERVIEW

Construction works could be divided into three categories: at private sector construction sites, at public sector construction sites and at locations other than construction sites. From 2010 to 2015, gross value of construction works at public sector construction sites enjoyed the fastest growth rate among the three, following private sector construction sites and non-construction sites. From 2010 to 2015, gross value of construction works in private sector construction sites, public sector construction sites and non-construction sites increased from HK\$30.3 billion, HK\$31.2 billion and HK\$49.8 billion to HK\$67.8 billion, HK\$77.2 billion and HK\$78.9 billion, with CAGRs of 17.5%, 19.9% and 9.7%, respectively. The gross value of construction works in private sector construction sites, public sector construction sites and non-construction sites in 2020 is expected to reach HK\$106.9 billion, HK\$131.9 billion and HK\$104.0 billion, representing CAGRs of 9.5%, 11.3% and 5.7%, respectively.

Construction Expenditure on Building Repair And Refurbishment Works (Hong Kong), 2010–2020E



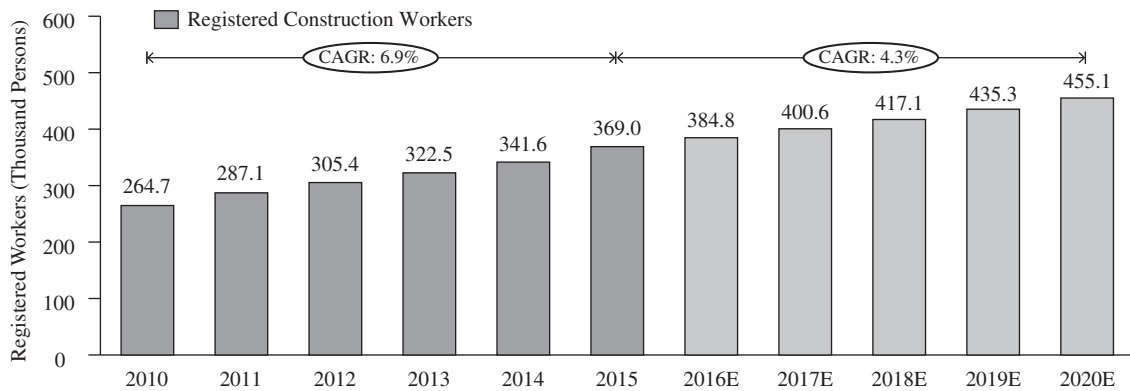
Note: forecast data are mathematical average of upper and lower case given by HKCIC

Source: HKCIC

Building repair and refurbishment works are generally undertaken by contractors, where temporary suspended working platforms are commonly used in this aspect. From 2010 to 2015, construction expenditure on those works increased from HK\$44.5 billion to HK\$61.2 billion, with a CAGR of 6.6%. HKCIC gives the conservative forecast of construction expenditure in the building repair and refurbishment works which is likely to reach HK\$60.3 billion in 2020. Major construction expenditure on the works was on private sector in 2015, which amounted to HK\$48.1 billion, and public sector amounted to HK\$13.1 billion.

INDUSTRY OVERVIEW

Total Number of Registered Construction Workers (Hong Kong), 2010–2020E



Source: HKCIC; Frost & Sullivan Analysis

Construction workers are tradesman in construction market and usually they have specialised skills in specific fields. Registered construction workers in Hong Kong are construction workers who have registered with HKCIC and qualified with certain trades. From 2010 to 2015, with the fast development of Hong Kong construction market, total number of registered construction workers increased from 264.7 thousand persons to 369.0 thousand persons, with a CAGR of 6.9%. In the forecast period, with increasing demand of registered construction workers and following the growing trend of Hong Kong overall construction market, total number of registered construction workers is expected to reach 455.1 thousand in 2020, representing a CAGR of 4.3% from 2015 to 2020.

DRIVER OF HONG KONG CONSTRUCTION MARKET

Plan for 480,000 flats

From 2004 to 2014, permanent residential flats, including public rental housing, subsidised home ownership housing, and private housing, increased from 2,332 thousand units in 2004 to 2,615 thousand units in 2014, representing a CAGR of 1.1%. Stimulated by plan for 480,000 flats, the total permanent residential flats are expected to increase to 3,150 thousand units in 2023, representing a CAGR of 1.9%. In the 2015 Policy Address of Hong Kong, the Chief Executive Mr. Leung Chun-Ying proposed a building target of 480,000 both public and private flats over the next 10 years. Between 2015 and 2019, over 210,000 flats will be provided, and more than 60% of which are constructed for public rental housing and home ownership housing.

The politic-related matter in Hong Kong in recent years is likely to result in the delay or slowdown of the progress of the public housing projects in Hong Kong in short term. Nonetheless, in the long run, the government’s long term supporting policy on the development of public housing projects is not expected to be materially impacted.

INDUSTRY OVERVIEW

Projects demand from mega infrastructure

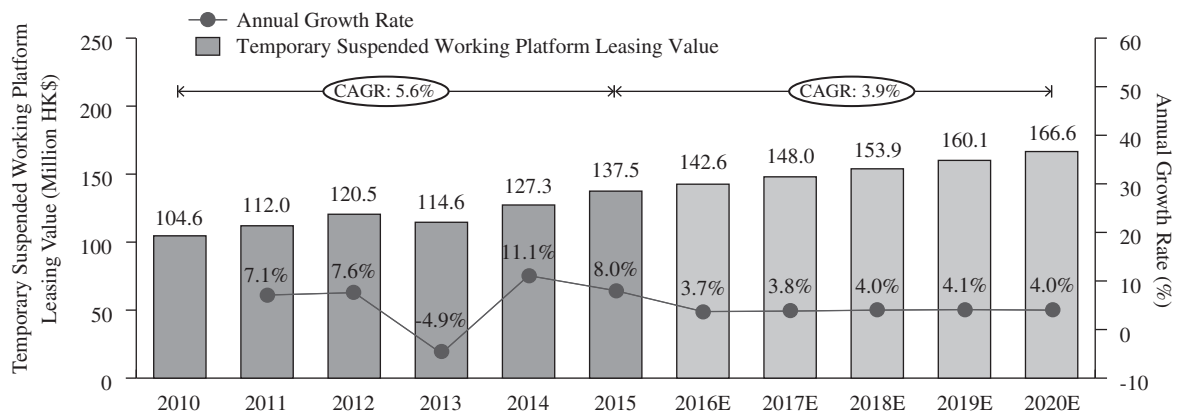
Hong Kong construction market is expected to be stimulated by large scale infrastructure projects approved by the government. To achieve the objective of promoting economic growth through infrastructural development, Hong Kong government has been increasing its infrastructure investment over the past few years. Some of the mega infrastructure projects announced in the Policy Address in recent years have had their details published and tenders released, thereby driving up local construction equipment rental and trading activities. In the next few years, the public infrastructure expenditure is estimated to maintain over HK\$70.0 billion annually, which offers a great number of opportunities for engineering construction.

ANALYSIS OF HONG KONG SUSPENDED WORKING PLATFORMS LEASING AND TRADING MARKET

Overview of Hong Kong temporary and permanent suspended working platform market

Temporary suspended working platform is a kind of construction machinery which is frequently used in building construction, repair and refurbishment, while permanent suspended working platform is mainly used for building maintenance.

Temporary Suspended Working Platform Leasing Value (Hong Kong), 2010–2020E

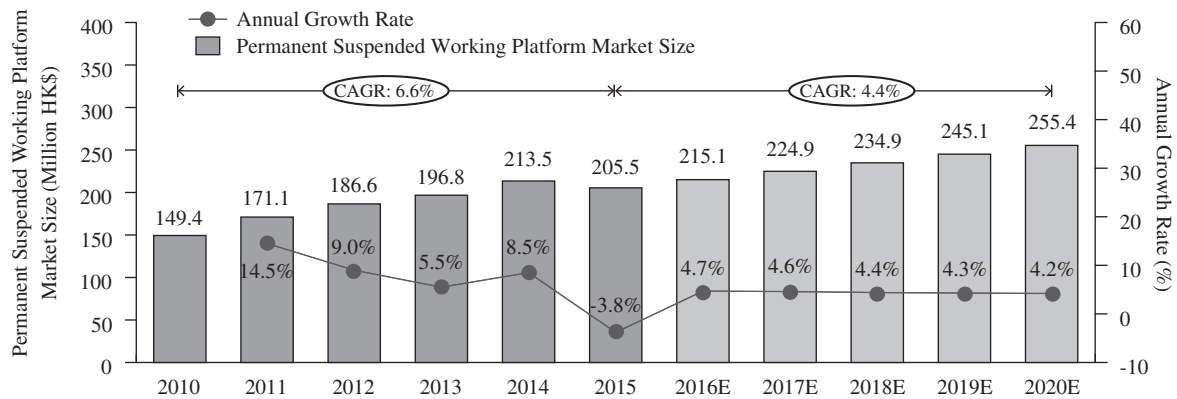


Source: Frost & Sullivan Analysis

In Hong Kong, temporary suspended working platforms are generally used for building construction, repair and refurbishment, and are advanced substitute of bamboo sheds, as temporary suspended working platforms are more flexible and safe. Its leasing market increased in the past few years from HK\$104.6 million in 2010 to HK\$137.5 million in 2015, with a CAGR of 5.6%. Given the reducing use of bamboo shed, the leasing market for temporary suspended working platforms is likely to keep the growing trend in the next five years to HK\$166.6 million in 2020, representing a CAGR of 3.9%.

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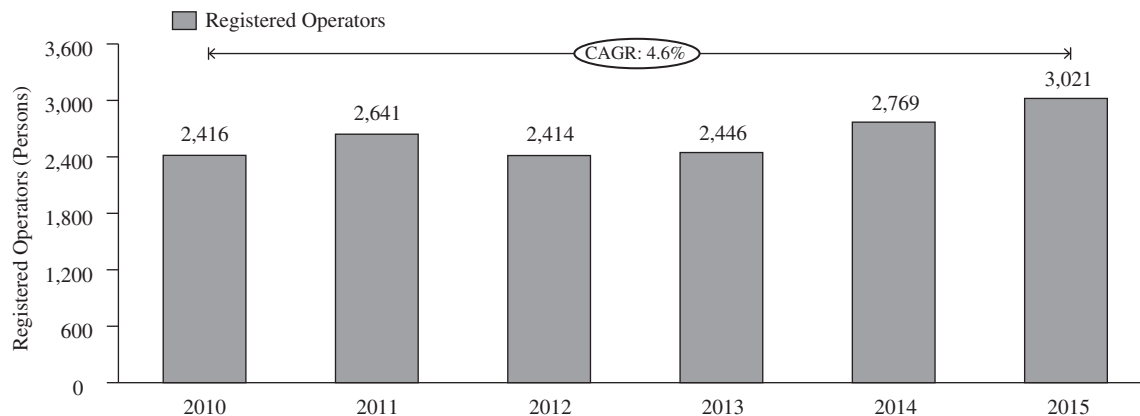
Permanent Suspended Working Platform Market Size (Hong Kong), 2010–2020E



Source: Frost & Sullivan Analysis

Permanent suspended working platforms are generally used for building maintenance purpose in Hong Kong. As most permanent suspended working platforms are used in new buildings, especially commercial buildings, the market fluctuated with the newly completed commercial building market in Hong Kong. From 2010 to 2015, the market size of permanent suspended working platforms increased from HK\$149.4 million to HK\$205.5 million, with a CAGR of 6.6%. In the forecast period, the market is likely to follow a steady upward trend and is likely to reach HK\$255.4 million in 2020, representing a CAGR of 4.4% from 2015 to 2020.

Total Number of Registered Temporary Suspended Working Platform Operators (Hong Kong), 2010–2015



Source: HKCIC; Frost & Sullivan Analysis

Skilled temporary suspended working platform operators could get certified by HKCIC, and the certificate could be treated as the guarantee of the operators on their practicing skills. From 2010 to 2015, the number of registered operators in Hong Kong increased from 2,416 persons to 3,021 persons, representing a CAGR of 4.6%.

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Drivers of temporary suspended working platform leasing market in Hong Kong

Substitute of bamboo shed

Previously, bamboo sheds were largely used for building construction, repair and refurbishment works. However, because of the risks to safety, and inflexibility of its application due to the narrow roads in Hong Kong, bamboo shed is being substituted by temporary suspended working platform, which has better guarantee of safety, and could better adapt to the buildings as it could be customised to different structure. Temporary suspended working platforms are becoming more and more popular in Hong Kong construction market and the substitution of bamboo sheds with temporary suspended working platform is likely to drive the market’s future growth.

Aging buildings

Hong Kong is developed in construction market and there are multitudes of tall buildings in Hong Kong. Many buildings have experienced years of winds and rains and require repair and refurbishment works. The aging buildings in Hong Kong are another driver of temporary suspended working platform market in Hong Kong.

Reformation tap water pipes

With the aging of buildings in Hong Kong, tap water pipes needs reformation and maintenance. The recent events about excessive lead content in tap water in Hong Kong also raised the social concern of the problem. Temporary suspended working platforms are commonly used in the reformation and maintenance of tap water pipes, and this is likely to drive the future growth of the market.

Development of public housing

Applications for public housing have been increasing in the recent years in Hong Kong and reached 300 thousand cases recently. Hong Kong government and related departments are trying to find more locations to build public housing, as well as improve the quality of public housing. The construction of public housing drives the demand of temporary suspended working platform as it is commonly used in public housing construction.

Drivers of permanent suspended working platform trading market in Hong Kong

Steady development of Hong Kong construction industry

Permanent suspended working platforms are mainly installed in new buildings. Growth in the number of newly built buildings is expected to pull up the demand for permanent working platforms in Hong Kong. Notwithstanding a slowdown in growth, Hong Kong construction industry shall witness a rising momentum in the coming years, especially in the public sector. Increasing development in the construction market is likely to fuel the demand for permanent suspended working platforms.

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Recovery of Hong Kong economy

In the long run, Hong Kong economy is expected to gradually recover. Growth rate of Hong Kong nominal GDP is expected to rise from 4.8% in 2016 to 5.5% in 2020. Sustained growth of Hong Kong’s economy is likely to promote the development of Hong Kong’s infrastructure and the real estate industry. As a result, demand for new buildings is also expected to increase in the coming years, pulling up the demand for permanent suspended working platforms.

Entry barriers of temporary suspended working platform leasing market in Hong Kong

Ability to customise the temporary suspended working platform

It is essential for a rental companies to have the ability to customise the shape of the temporary suspended working platforms according to customers’ demand, in order to conform to the shape of various buildings in a construction site. It is difficult for new entrants without sufficient resources and experience to satisfy the custom order from construction contractors.

Connection with downstream market participants

Major temporary suspended working platform leasing companies in Hong Kong have long histories and have good connections with downstream market participants, who are mainly large construction contractors. It takes years of development in order for a leasing company to build its reputation in the market, and that sets up another entry barrier for market newcomers.

Integrated services

For keeping the relationships with downstream market participants, integrated services is highly valued in Hong Kong temporary suspended working platform leasing market. Integrated services mean to provide a full set of services including project planning, transportation, installation, inspection, customer support and disassembly. It required expertise in know-how and skilled labors, which sets another barrier to entry.

Operation experiences and management capability

With the uncertainties of Hong Kong construction market and market competition, operational experience and management quality becomes very important. An experienced management team could better make policies and adopt measures according to the changing market dynamics. Operational experience and management quality are other entry barriers for new market participants.

Entry barriers of permanent suspended working platform trading market in Hong Kong

Customer relationship

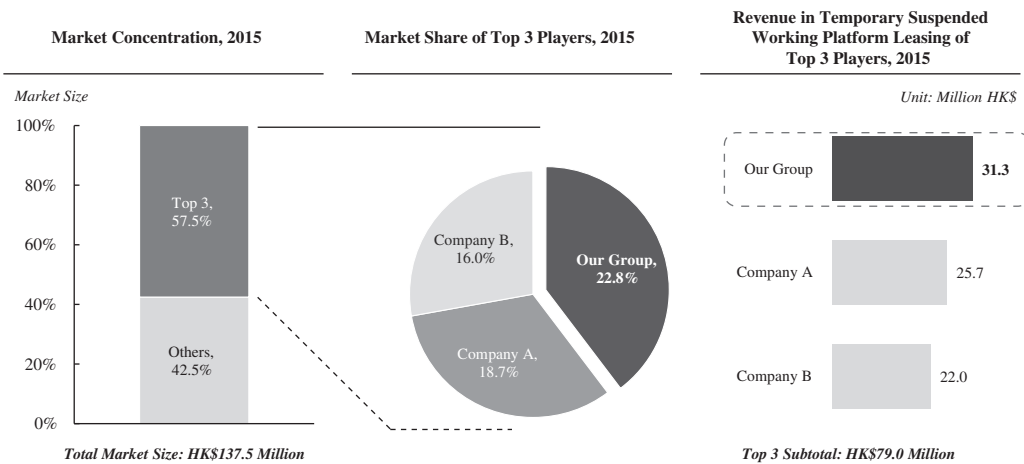
Key customers of permanent suspended working platform are construction contractors. Usually, those large construction contractors have long history in Hong Kong and have established good cooperation with the suppliers, including the suppliers of permanent suspended working platforms. As a result, the establishment of good relationships with those construction contractors is a significant entry barrier for new market participants.

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Experience and management capability

With the uncertainties of Hong Kong construction market and market competition, operational experience and management quality becomes very important. An experienced management team could better make policies and adopt measures according to the changing market dynamics. Operational experience and management quality are other entry barriers for new market participants.

Competitive analysis of Hong Kong temporary suspended working platform leasing market



Company A is a Hong Kong incorporated private company providing design, manufacturing, sales, rental, installation, repair and maintenance services of temporary suspended working platforms.

Company B is a Hong Kong incorporated private company providing multiple services related to temporary suspended working platforms, metal scaffolding and safety netting. The company sells and leases its products throughout Asia and Europe, including Hong Kong, China, Singapore, Malaysia, Thailand and Spain.

Note: The ranking of our Group is calculated by financial year as of March 2016 while others are calculated by financial year as of December 2015

Source: Frost & Sullivan Analysis

Temporary suspended working platform leasing market was rather concentrated in 2015 and top three players occupied 57.5% of the total market. Our Group was the largest temporary suspended working platform leasing company in 2015 in Hong Kong, in terms of rental income. In 2015, our Group realised the revenue of HK\$31.3 million in temporary suspended working platform leasing and occupied 22.8% of the market.

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Future trend of temporary suspended working platform leasing market in Hong Kong

Steady increasing market

In the coming years, temporary suspended working platform leasing market in Hong Kong is likely to increase steadily and to be driven by various factors. Substitution of bamboo sheds with temporary suspended working platforms is likely to drive the market growth in the future. Government plans for public housing is also expected to drive the market growth. Also, Hong Kong government is also anticipated to reform the tap water pipes of several public housing estates in Hong Kong. These factors are all likely to drive the market to grow steadily.

Industry consolidation

Nowadays, there are some small-scale temporary suspended working platform leasing companies in Hong Kong market. In the next few years, the market is likely to be more consolidated. The market is mature and leading market players are rich in experiences and downstream connections which small-scaled players can hardly acquire. Also, small-scale players do not have the capacity to provide integrated leasing services in Hong Kong. Thus the industry is expected to be more consolidated in the next several years.

Threat and challenge of temporary suspended working platform leasing market in Hong Kong

Rising labour cost

The temporary suspended working platform leasing market in Hong Kong have been facing the problem of labour shortage and aging workforce. The problem has become serious with the increasing demand for skilled labour from the PRC and Macau since the commencement of large-scale construction projects in these places. The PRC and Macau, by offering higher salaries, have successfully attracted some skilled labour from Hong Kong. To retain experienced workers, market players in Hong Kong have started paying higher wages which has led to the increasing labour costs in the industries.

In addition, the statutory minimum wage in Hong Kong increased from HK\$30 to HK\$32.5 per hour in 2015 after being adjusted from HK\$28 to HK\$30 per hour in 2013. The statutory minimum wage is expected to be further increased to HK\$34.5 per hour with effect from 1 May 2017. Any increase of the minimum wage rate in the future will further increase the cost of labour in the temporary suspended working platform leasing market in Hong Kong.

Increasing competition

Competition has intensified in the temporary suspended working platform leasing market in Hong Kong. Some market players are likely to lower down their price to further expand their business.

Threat and challenge of permanent suspended working platform trading market in Hong Kong

Increasing competition

Similar to the temporary suspended working platform leasing market in Hong Kong, competition has intensified in the permanent suspended working platform trading market in Hong Kong. Some market players are likely to lower down their price to further expand their business.

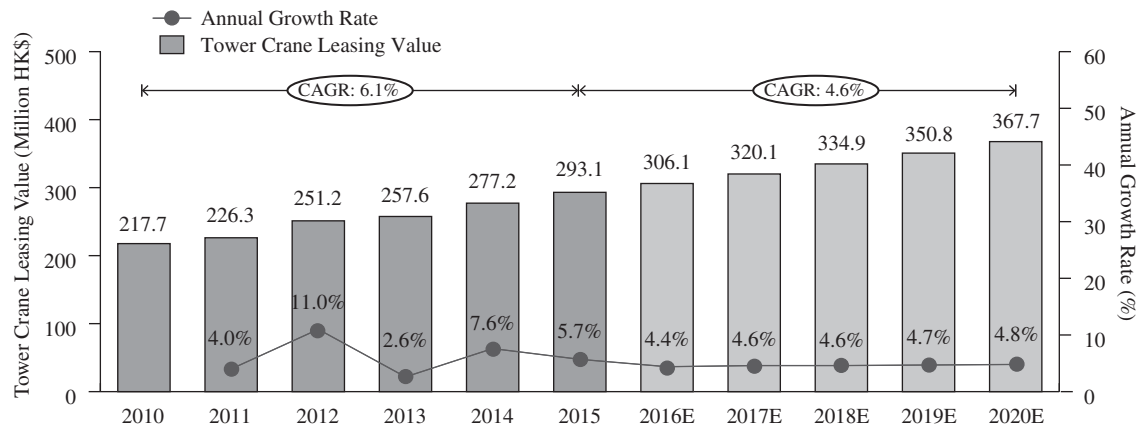
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ANALYSIS OF HONG KONG TOWER CRANE LEASING MARKET

Overview of Hong Kong tower crane leasing market

Tower cranes are a modern form of balance crane that consist of the same basic parts. Fixed to the ground on a concrete slab (and sometimes attached to the sides of structures), tower cranes often give the best combination of height and lifting capacity and are used in the construction of tall buildings. Tower cranes are used extensively in construction and other industry to hoist and move materials.

Tower Crane Leasing Value (Hong Kong), 2010–2020E

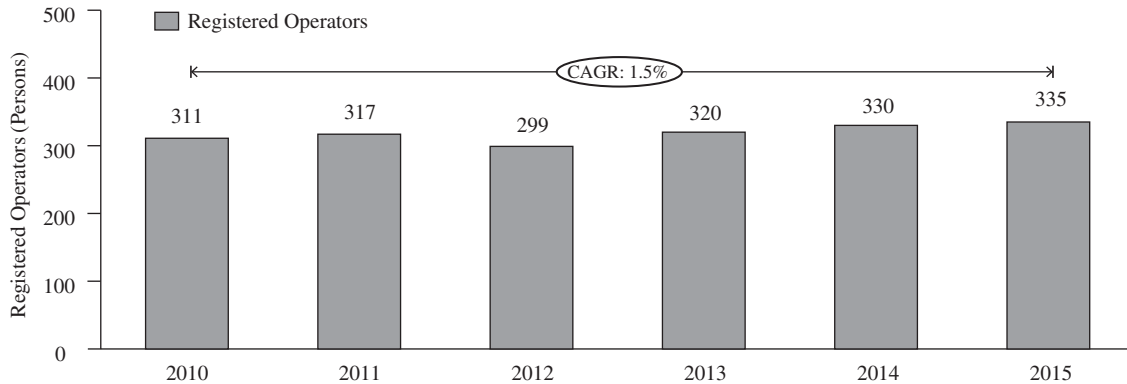


Source: Frost & Sullivan Analysis

In Hong Kong, a large portion of tower cranes are owned by trading companies or leasing companies rather than manufacturing companies. Hong Kong tower crane leasing market generally followed the trend of Hong Kong overall construction market. From 2010 to 2015, Hong Kong tower crane market increased from HK\$217.7 million to HK\$293.1 million in terms of leasing value, with a CAGR of 6.1%. In the forecast period, tower crane leasing market value is likely to reach HK\$367.7 million in 2020, representing a CAGR of 4.6% from 2015 to 2020.

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Total Number of Registered Tower Crane Operators (Hong Kong), 2010–2015



Source: HKCIC; Frost & Sullivan Analysis

Skilled tower crane operators could get certified by HKCIC. From 2010 to 2015, number of registered tower crane operators in Hong Kong was stable and increased from 311 persons to 335 persons.

Drivers of tower crane leasing market in Hong Kong

Stable and favorable macro-economic conditions

Experiencing the hard times of global financial crisis in the late 2000, Hong Kong's macro-economic conditions began to recover and realised an increase in GDP from 2010 to 2015 with a CAGR of 6.1%, and Hong Kong's GDP is likely to increase in the next five years with a CAGR of 5.1% from 2015 to 2020, as forecasted by International Monetary Fund. With the positive forecast of Hong Kong's economy, construction market is likely to welcome a stable increasing period in the next several years, and this is expected to drive the future growth of Hong Kong tower crane leasing market.

Mega public projects

Over 90,000 public houses will be built from 2016 to 2020, which is likely to drive the growth of tower crane market as tower cranes are commonly used in housing construction. Moreover, there are many infrastructure projects going on and likely to be completed in the following years. In particular, the construction of third runway of Hong Kong International Airport will begin in 2016. Other large infrastructure projects including Hong Kong-Shenzhen Joint Development of the Lok Ma Chau Loop, Hong Kong-Shenzhen Airport Cooperation, New Development Areas, etc. are likely to drive the overall construction market in Hong Kong to grow, thus stimulating the future growth of Hong Kong tower crane leasing market.

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Entry barriers of tower crane leasing market in Hong Kong

Capital investment

Tower cranes are high in price. It takes large capital investments to purchase tower crane for leasing. Moreover, leasing companies have to prepare enough land for tower crane storage, which is another investment. Capital investment sets up high entry barriers for newcomers of tower crane leasing market.

Relationships with customers

Leading industry participants generally have stable relationships with downstream companies, who are mainly contractors in Hong Kong. Through years of good experiences, tower crane leasing companies are able to get reputation and relationships in downstream market, thus getting other job referrals. It takes long time for new comers in the industry to acquire reputation and develop relationships with customers.

Operation experiences and management capability

Operation experience and management quality are very important in tower crane leasing market. For new entrants, experience of management is another core entry barrier as it takes time to build a track record of effective management of the business.

Competitive analysis of Hong Kong tower crane leasing market

Hong Kong's tower crane leasing market consists of dozens of private companies. One of the key market players in the industry is a subsidiary of a listed company in Hong Kong. Typical revenue of the key market players ranged from HK\$5.0 million to HK\$20.0 million per year.

Future opportunity of Hong Kong tower crane leasing market

The gross value of construction works by main contractors is expected to grow from HK\$223.9 billion in 2015 to HK\$342.8 billion in 2020, representing a CAGR of 8.9%. The sustained development of construction industry in Hong Kong is likely to drive the market growth in the future. In particular, from 2016 to 2020, over 90,000 public houses are expected to be built, which will fuel up the demand for construction machineries, including tower cranes. As a result, demand for tower crane leasing is likely to witness a steady rise in the coming years.

Threat and challenge of Hong Kong tower crane leasing market

The growth rate of the gross value of construction works is expected to gradually slowdown in the future, making competition of the tower crane leasing market increasingly fierce. As a result, some players may adopt price-cut strategy to expand their business and this potential price war is likely to be a challenge to the industry.

REGULATORY OVERVIEW

This section sets out a summary of certain aspects of the Hong Kong laws and regulations which are relevant to our Group's operations and business in Hong Kong. Information contained in this section should not be construed as a comprehensive summary of the laws and regulations applicable to our Group.

LABOUR, HEALTH AND SAFETY

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

The FIU Ordinance provides for the safety and health protection to workers in the industrial sector. Under the FIU Ordinance, it is the duty of the proprietor of an industrial undertaking to ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by him at the industrial undertaking. The duties of a proprietor extend to include in particular:

- providing and maintaining plant and work systems that do not endanger safety or health;
- making arrangements for ensuring safety and health in connection with the use, handling, storage or transport of articles and substances;
- providing all necessary information, instructions, training and supervision for ensuring safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy working environment.

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

Section 6BA(5) of the FIU Ordinance also provides that on and after the appointed day (as defined in the FIU Ordinance), every proprietor shall not employ at the undertaking a relevant person who has not been issued a relevant safety training certificate or whose relevant certificate has expired. A proprietor who contravenes this section commits an offence and is liable to a fine at level 5 (currently HK\$50,000).

Matters regulated under the subsidiary regulations of the FIU Ordinance, including the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), include (i) the prohibition of employment of persons under 18 years of age (save for certain exceptions); (ii) the maintenance, inspection and operation of hoists; (iii) the duty of contractors responsible for construction site to ensure safety of places of work; (iv) prevention of falls; (v) safety of excavations; (vi) the duty of contractors responsible for construction site to comply with miscellaneous safety requirements; and (vii) provision of first aid facilities. Non-compliance with any of these rules commits an offence and different levels of penalty will be imposed. A contractor guilty of the relevant offence could be liable to a fine up to HK\$200,000 and to imprisonment up to 12 months.

REGULATORY OVERVIEW

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the protection of safety and health to employees in workplaces, both industrial and non-industrial.

Employers must as far as reasonably practicable, ensure the safety and health at work of all of their employees by (including but without limitation):

- providing and maintaining plant and systems of work that are safe and without risks to health;
- making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- providing all necessary information, instructions, training and supervision for ensuring safety and health;
- as regards any workplace under the employer's control, maintaining the workplace in a condition that is safe and without risks to health or providing or maintaining means of access to and egress from the workplace that are safe and without any such risks; and
- providing or maintaining a working environment for the employees that is safe and without risks to health.

Failure to comply with any of the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months.

The Commissioner for Labour may also issue (i) an improvement notice against any non-compliance of this ordinance or the FIU Ordinance; or (ii) a suspension notice against an employer if in general an activity is undertaken at the workplace which may create an imminent hazard to the employees. Failure to comply with such notice without reasonable excuse constitutes an offence punishable by a fine of HK\$200,000 and HK\$500,000, respectively and imprisonment of up to 12 months.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees respectively in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the

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accident occurred. Similarly, an employee who suffers incapacity arising from an occupational disease or dies from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 15 of the Employees' Compensation Ordinance, an employer must notify the Commissioner for Labour of any work accident by submitting Form 2 (within 14 days for general work accidents and within 7 days for fatal accidents), irrespective of whether the accident gives rise to any liability to pay compensation. If the happening of such accident was not brought to the notice of the employer or did not otherwise come to his knowledge within such period of 7 or 14 days (as the case may be), then such notice shall be given not later than 7 days or, as may be appropriate, 14 days after the happening of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

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

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

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

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

A principal contractor shall be subject to the provisions on subcontractor's employees' wages under the Employment Ordinance. Pursuant to section 43C of the Employment Ordinance, (i) a principal contractor is, or (ii) a principal contractor and every superior subcontractor are jointly and severally, liable to pay any wages that become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the Employment Ordinance. Such liability shall be limited to (i) the wages of an employee whose employment relates wholly to the work which the principal contractor has contracted to perform and whose place of employment is wholly on the site of the building works; and (ii) the wages due to such an employee for two months (such months shall be the first two months of the period in respect of which the wages are due).

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According to section 43D of the Employment Ordinance, an employee who has outstanding wages payments from the subcontractor must serve notice in writing on the principal contractor within 60 days after the wage due date. A principal contractor and superior subcontractor (where applicable) shall not be liable to pay any wages to the employee of the subcontractor if that employee fails to serve the required notice on the principal contractor.

Upon receipt of such notice from the relevant employee, a principal contractor shall, within 14 days after receipt of notice, serve a copy of the notice on every superior subcontractor to that subcontractor (where applicable) of whom he is aware. A principal contractor who, without reasonable excuse, fails to serve notice on every superior subcontractor shall be guilty of an offence and shall be liable on conviction to a fine at level 5 (currently at HK\$50,000).

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

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitors will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

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

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

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

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

The Minimum Wage Ordinance provides for a prescribed minimum hourly wage rate (currently set at HK\$32.5 per hour, which is expected to be adjusted to HK\$34.5 per hour with effect from 1 May 2017) during the wage period for every employee engaged under a contract of employment under the Employment Ordinance (except those specified under section 7 of the Minimum Wage Ordinance). Any provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

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

Employers are required to enrol their regular employees (except for certain exempt persons) who are at least 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund (“MPF”) scheme within the first 60 days of employment.

For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. For an employee, subject to the maximum and minimum levels of income (HK\$25,000 and HK\$7,100 per month, respectively before 1 June 2014 or HK\$30,000 and HK\$7,100 per month, respectively on or after 1 June 2014), an employer will deduct 5% of the relevant income on behalf of an employee as mandatory contributions to a registered MPF scheme with a ceiling of HK\$1,250 before 1 June 2014 or HK\$1,500 on or after 1 June 2014. Employer will also be required to contribute an amount equivalent to 5% of an employee’s relevant income to the MPF scheme, subject only to the maximum level of income (HK\$25,000 per month before 1 June 2014 or HK\$30,000 on or after 1 June 2014).

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

For the purpose of the industry schemes, the construction industry covers the following eight major categories:

- foundation and associated works;
- civil engineering and associated works;
- demolition and structural alteration works;
- refurbishment and maintenance works;
- general building construction works;
- fire services, mechanical, electrical and associated works;
- gas, plumbing, drainage and associated works; and
- interior fitting-out works.

REGULATORY OVERVIEW

The Mandatory Provident Fund Schemes Ordinance does not stipulate that employers in these two industries must join the industry schemes. The industry schemes provide convenience to the employers and employees in the construction and catering industries. Casual employees do not have to switch schemes when they change jobs within the same industry, so long as their previous and new employers are registered with the same industry scheme, while the employers are not required to keep records of casual employees' personal particulars, relevant income, remittance of contribution information, etc.. This is convenient for scheme members to save administrative costs.

CONTRACTOR LICENSING REGIME AND OPERATION

Contractor Licensing Regime and the Subcontractor Registration Scheme

Under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), there are three contractors' registers, namely the general building contractors' register, the specialist contractors' register and the minor works contractors' register, being kept by the Building Authority.

Under the current contractors registration system in Hong Kong, the Building Authority shall keep a register of general building contractors who are qualified to perform the duties of a general building contractor and a register of specialist contractors who are qualified to carry out specialised works (such as foundation works) specified in the category in the sub-register in which they are entered. Registered general building contractors may carry out general building works and street works which do not include any specialised works designated for registered specialist contractors. Registered minor works contractors may carry out such minor works belonging to the class, type and item specified in the register for which they are registered.

The main contractors carrying out private sector foundation works and ancillary services are required to register or work together with contractors who are registered on either the list of register of general building contractors or the list of register of specialist contractors (sub-register of foundation works category) with the Buildings Department in Hong Kong.

Subcontractors, which are involved in, among others, foundation works and ancillary services, in Hong Kong may apply for registration under the Subcontractor Registration Scheme managed by the HKCIC, a body corporate established under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong) in February 2007.

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

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

REGULATORY OVERVIEW

After the HKCIC took over the work of the PCICB in February 2007 and the VSRS in January 2010, the HKCIC launched stage 2 of the VSRS in January 2013. VSRS was also then renamed Subcontractor Registration Scheme. All subcontractors registered under the VSRS have automatically become registered subcontractors under the Subcontractor Registration Scheme. Subcontractors may apply for registration on the Subcontractor Registration Scheme in one or more of 52 trades covering common structural, civil, finishing, electrical and mechanical works and supporting services. The 52 trades further branch into around 94 specialties including sheet piles, driven piles, earthwork, geotechnical works, and ground investigation etc.

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

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

- (a) completion of at least one job within five years as a main contractor/subcontractor in the areas which it applies or to have acquired comparable experience by itself/its proprietors, partners or directors within the last five years;
- (b) listings on one or more government registration schemes operated by policy bureaus or departments of the Government relevant to the trades and specialties for which registration is sought;
- (c) the applicant or its proprietor, partner or director having been employed by a registered subcontractor for at least five years with experience in the trade/specialty applying for and having completed all the modules of the Project Management Training Series for Subcontractors (or equivalent) conducted by the HKCIC; or
- (d) the applicant or its proprietor, partner or director having registered as Registered Skilled Worker under the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong) for the relevant trade/specialty with at least five years' experience in the trade/specialty applying for and having completed the Senior Construction Workers Trade Management Course (or equivalent) conducted by the HKCIC.

A registered subcontractor shall apply for renewal within three months before the expiry date of its registration by submitting an application to the HKCIC in a specified format providing information and supporting documents as required to show compliance with the entry requirements. An application for renewal shall be subject to approval by the management committee which oversees the Subcontractor Registration Scheme (the "**Management Committee**"). If some of the entry requirements covered in an

REGULATORY OVERVIEW

application can no longer be satisfied, the Management Committee of the HKCIC may give approval for renewal based on those trades and specialties where the requirements are met. An approved renewal shall be valid for two years from the expiry of the current registration.

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

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

1. supply of false information when making an application for registration, renewal of registration or inclusion of additional trades;
2. failure to give timely notification of changes to the registration particulars;
3. serious violations of the registration rules and procedures;
4. convictions of senior management staff (including but not limited to proprietors, partners or directors) for bribery or corruption under the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
5. convictions for failure to pay wages on time to workers in accordance with the relevant provisions contained in the Employment Ordinance;
6. wilful misconducts that may bring the Subcontractor Registration Scheme into serious disrepute;
7. civil awards/judgments in connection with the violation of or convictions under the relevant sections of the Mandatory Provident Fund Schemes Ordinance;
8. convictions under the FIU Ordinance or Occupational Safety and Health Ordinance in relation to serious construction site safety incidents resulting in one or more of the following consequence:
 - i. loss of life; or
 - ii. serious bodily injury resulting in loss or amputation of a limb or had caused or was likely to cause permanent total disability;
9. conviction of five or more offences under the FIU Ordinance and/or Occupational Safety and Health Ordinance each arising out of separate incidents in any six months period (according to the date of committing the offence but not the date of conviction), committed by the Registered Subcontractor at each of a construction site under a contract;
10. convictions for employment of illegal worker under the Immigration Ordinance; or

REGULATORY OVERVIEW

11. late payment of workers' wages and/or late payment of contribution under the Mandatory Provident Fund Schemes Ordinance over 10 days with solid proof of such late payment of wages and/or contribution.

The Management Committee may instigate regulatory actions by directing that:

- A. written strong direction and/or warning be given to a registered subcontractor;
- B. a registered subcontractor to submit an improvement plan with the contents as specified and within a specified period;
- C. a registered subcontractor be suspended from registration for a specified duration; or
- D. the registration of a registered subcontractor be revoked.

Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong) (the "CWRO")

The CWRO helps ensure the quality of construction works, raise workers' career status, reduce employment disputes, and combat illegal employment to protect the employment opportunity of local workers.

According to section 3 of the CWRO, a person shall not personally carry out construction work on a construction site unless the person is a registered construction worker. Further, section 5 of the CWRO provides that no person shall employ unregistered construction workers to carry out construction work on construction sites.

If (i) there is a contravention of section 3 of the CWRO and the person who commits the contravention is employed by a principal contractor for the construction site concerned, or a sub-contractor of such a principal contractor; or (ii) there is a contravention of section 5 of the CWRO, and the person who commits the contravention is a sub-contractor of a principal contractor for the construction site concerned, that principal contractor also commits an offence and is liable on conviction to a fine at level 5 (currently at HK\$50,000).

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

- (i) establish and maintain a daily record in the specified form that contains information of registered construction workers employed by him and, in the case of a controller being the principal contractor, by a sub-contractor of the controller; and
- (ii) furnish the Registrar of Construction Workers in such manner as directed by the Registrar of Construction Workers with a copy of record:
 - (a) for the period of seven days after any construction work begins on the site; and
 - (b) for each successive period of seven days,

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

REGULATORY OVERVIEW

A person who, without reasonable excuse, contravenes section 58 of the Construction Workers Registration Ordinance commits an offence and is liable on conviction to a fine at level 3 (currently at HK\$10,000).

According to the Construction Workers Registration (Amendment) Ordinance 2014 commenced in April 2015, the implementation of "designated workers for designated skills" will take place on 1 April 2017 whereby workers must register as registered skilled or semi-skilled workers of designated trade divisions, including, among others, plant and equipment operator (suspended working platform), to carry out construction works of those trade divisions on construction sites.

Factories and Industrial Undertakings (Suspended Working Platforms) Regulation (Chapter 59AC of the Laws of Hong Kong)

Safety of suspended working platforms used for carrying persons is mainly regulated by the SWPR administered by the Labour Department.

The SWPR lays down requirements with respect to the construction and maintenance, operation, inspection, testing and examination, erection, dismantling and alteration of suspended working platforms. For instance, the SWPR specifically requires the owner, among other matters, to ensure that a suspended working platform shall be of good design and construction and adequate strength for the purpose for which it is used, made of sound material and free from patent defect, properly installed or assembled and properly maintained. The owner of a suspended working platform shall ensure that it is not erected, dismantled or the structure as originally designed altered, except under the supervision of a competent person.

Pursuant to the SWPR, the owner of a suspended working platform shall ensure that every person working thereon shall (i) be at least 18 years old; and (ii) have undergone training that is either recognised by the Commissioner for Labour or provided by the manufacturer of the suspended working platform or its local agent, on general construction of the suspended working platform and how to operate it safely, and have obtained a certificate in respect of such training from the person who provided the training.

For the purposes of the SWPR, "owner", in relation to any suspended working platform, includes the lessee or hirer thereof, and any overseer, foreman, agent or person in charge or having the control or management of the suspended working platform, and the contractor who has control over the way any construction work which involves the use of the suspended working platform is carried out and, in the case of a construction site, includes the contractor responsible for the construction site.

Contraventions by the owners of a suspended working platform of the SWPR will attract penalties up to a fine of HK\$200,000 and to imprisonment of 12 months.

REGULATORY OVERVIEW

Factories and Industrial Undertakings (Lifting Appliances and Lifting Gear) Regulations (Chapter 59J of the Laws of Hong Kong) (the “Lifting Regulations”)

Safety of tower cranes used at construction sites is mainly regulated by the Lifting Regulations administered by the Labour Department.

The Lifting Regulations lay down requirements with respect to the construction, inspection, testing, thorough examination, operation, erection, dismantling and alteration of lifting appliances, including tower cranes. For instance, the Lifting Regulations specifically require the owner, among other matters, to ensure that all lifting appliances shall (i) be of good mechanical construction, made of strong and sound materials, free from patent defect; (ii) properly maintained; (iii) the arrangements for fixing and anchoring the appliance are adequate to secure its safety; (iv) it is adequately and securely supported; and (v) every structure supporting it is of good construction and adequate strength, of sound materials and free from patent defect.

Pursuant to the Lifting Regulations, the owner shall ensure that the crane can only be operated by a person who (i) has attained the age of 18 years; (ii) holds a valid certificate issued by the Construction Industry Council or any other person specified by the Commissioner for Labour; and (iii) in the opinion of the owner, is competent to operate the crane by virtue of his experience.

For the purposes of the Lifting Regulations, “owner”, in relation to any lifting appliance or lifting gear, includes the lessee or hirer thereof, and any overseer, foreman, agent or person in charge or having the control or management of the lifting appliance or lifting gear, and the contractor who has control over the way any construction work which involves the use of the lifting appliance or lifting gear is carried out and, in the case of a lifting appliance or lifting gear situated on or used in connection with work on a construction site, also includes the contractor responsible for the construction site.

Contraventions by the owners of any crane or lifting appliance of the Lifting Regulations will attract penalties from a fine up to HK\$200,000 and 12 months imprisonment.

Code of Practice for Safe Use and Operation of Suspended Working Platforms (the “Suspended Working Platforms Code”)

The Suspended Working Platforms Code is prepared by the Occupational Safety and Health Branch of the Labour Department. It is approved and issued by the Commissioner for Labour in accordance with Section 7A of the FIU Ordinance to complement the legislative framework at an operational level. It provides practical guidance to the owner of a suspended working platform for compliance with the requirements under the provisions of the SWPR.

Suspended working platforms can be classified as permanent and temporary suspended working platforms. The Suspended Working Platforms Code covers the safety requirements of these working platforms suspended by ropes, chains, or lifting gear and capable of being raised and lowered by mechanical means. It is applicable to the use and operation of the suspended working platforms as well as the related supporting activities such as test and examination of the suspended working platforms.

REGULATORY OVERVIEW

Although failure to observe any advice contained in the Suspended Working Platforms Code is not in itself an offence, that failure may be taken by a court in criminal proceedings as a relevant factor in determining whether or not a person has breached any of the provisions of the regulations to which the advice relates.

There are statutory requirements governing the testing, examination and inspection of suspended working platform pursuant to the SWPR. According to the SWPR, the owner of a suspended working platform shall ensure that it is not used for carrying persons unless it has been thoroughly examined by a competent examiner in the immediately preceding 6 months before it is put into use. A certificate in an approved form containing a statement to the effect that the suspended working platform is in safe working order made by the competent examiner should be obtained in respect of the suspended working platform after such examination. Suspended working platform shall also be load tested and thoroughly examined by a competent examiner during the immediately preceding 12 months before its use.

The owner of a suspended working platform shall ensure that it is not used for carrying persons unless (i) it has been inspected in the immediately preceding seven days before its use by a competent person; and (ii) he has obtained a certificate in the approved form in which the competent person has made a statement to the effect that it is in safe working order.

Every suspended working platform should be inspected in the immediately preceding seven days before its use by a competent person. A statement to the effect that it is in safe working order should be entered into an approved form by the competent person.

After thorough examination or test and thorough examination, the competent examiner shall deliver the certificate or relevant report to the owner within 28 days. If the competent examiner discovers that certain repairs should be carried out before use, he shall immediately inform the owner and deliver a report to the owner and a copy of it to the Commissioner for Labour within 14 days.

A competent examiner or competent person shall not deliver to an owner a certificate or make a report which is to his knowledge false as to a material particular. A copy of the most recent certificate or report shall be prominently displayed on the suspended working platform.

For the purpose of the SWPR, a competent person means a person who is (i) appointed by the owner to ensure that the duty is carried out; and (ii) by reason of substantial training and practical experience, competent to perform the duty.

In Hong Kong, suspended working platform operators are required to undergo training that is either recognised by the Commissioner for Labour or provided by the manufacturer of the suspended working platform or its local agent in order to qualify for the certificate in respect of such training issued by the person who provided the training.

REGULATORY OVERVIEW

Code of Practice for Safe Use of Tower Cranes (the "Tower Cranes Code")

The Tower Cranes Code is prepared by the Occupational Safety and Health Branch of the Labour Department. It is approved and issued by the Commissioner for Labour under Section 7A of the FIU Ordinance to complement the legislative framework at an operational level. It provides a practical guidance to the industry as to how to use tower cranes safely and properly with a view to assisting the duty holders in preventing accidents.

The Tower Cranes Code provides guidance on the safe use and operation of tower cranes to ensure safety of personnel working at or near by those cranes. It covers management and planning of lifting operations of tower cranes, requirements for operations, slingers and signallers, siting, erection, dismantling, maintenance and testing of tower cranes. It also contains guidance pertaining to the selection, safe use and specific precautions when tower cranes are operating within a workplace.

Although failure to observe any guidance contained in the Tower Cranes Code is not in itself an offence, that failure may be taken by a court in criminal proceedings as a relevant factor in determining whether or not a person has breached any of the provisions of the regulations to which the guidance relates.

There are statutory requirements governing the testing, examination and inspection of tower cranes pursuant to the Lifting Regulations. Daily inspection shall be carried out by a competent person whilst test and examination shall be carried out by a competent examiner. The Tower Cranes Code provides the requirements of testing, thorough examination and inspections of tower cranes. Testing of tower cranes should conform to British Standard 7121 or equivalent standards. The Guidance Notes on Inspection, Thorough Examination and Testing of Lifting Appliances and Lifting Gear issued by the Labour Department also provide practical guidance in this regard as prescribed under the Lifting Regulations to ensure their safety and reliability.

When a tower crane is climbed within a building or structure by means of its climbing frames and ladders, or when its height is raised by adding sections to the tower, or when there is an alteration in the ties which connect it to a structure so that its normal free-standing height can be exceeded, this constitutes an alteration to the anchorage and/or the structure of the crane which shall therefore be re-tested in accordance with statutory requirements.

The test should include the testing of the hydraulic system for jacking up the tower crane with climbing ladder or addition of masts with climbing cage for alteration of working height of tower crane.

A competent person or competent examiner who has carried out any test, inspection or examination shall deliver forthwith, or within a reasonable time thereafter, to an owner a report or certificate of such test, inspection or examination. For the purpose of the Lifting Regulations, a competent person means a person who is (i) appointed by the owner required by those regulations to ensure that the duty is carried out by a competent person; and (ii) by reason of training and practical experience, competent to perform the duty. A competent examiner means a person who is (i) appointed by the owner required by those regulations to ensure that the test and examination is carried out; (ii) a registered professional engineer registered under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong) within a relevant discipline specified by the Commissioner for Labour; and (iii) by reason of his qualifications, training and experience, competent to carry out the test and examination.

REGULATORY OVERVIEW

Where a test or a thorough examination shows that a crane is in a safe working order, the competent examiner shall deliver the test or examination certificate to the owner of the crane within 28 days after the test or the thorough examination.

Where a test or a thorough examination shows that a crane cannot be used safely unless certain repairs are carried out, the competent examiner shall immediately inform the owner of the crane of that fact and shall, within 14 days after the test or the thorough examination, deliver a report to the owner of the crane and a copy of it to the Commissioner for Labour.

A competent examiner or competent person shall not deliver to an owner a certificate or make a report which is to his knowledge false as to a material particular. All test certificates or copies of certificates and related documents shall be kept in the cranes or be available on the site of operation.

In Hong Kong, crane erectors (involving in the installation, jacking-up and dismantling of tower cranes) are required to attend training courses offered by the Construction Industry Council Training Academy in order to qualify for the safety certificates issued by the Commissioner for Labour. These qualifications are renewable subject to satisfaction of all renewal criteria.

LAWS AND REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTIONS

Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong) (the "NRMM Regulation")

The NRMM Regulation came into effect on 1 June 2015 to introduce regulatory control on the emissions of non-road mobile machinery, including non-road vehicles and regulated machines such as suspended working platforms.

The NRMM Regulation states that a person must not sell or lease, or cause to be sold or leased, a regulated machine for use in Hong Kong unless the machine is approved. "Regulated machine" means any mobile machine or transportable industrial equipment (private car, taxi, public light bus, private light bus, light goods vehicle, medium goods vehicle, public bus, private bus, heavy goods vehicle, special purpose vehicle, motor cycle, motor tricycle, invalid carriage, trailer or rickshaw) that is powered by an internal combustion engine with a rated engine power output that is greater than 19 kW but not greater than 560 kW. Examples include air compressors, mobile generators, excavators, crawler cranes, mobile cranes, loaders, lifting platforms, mobile pumps, drilling rigs and roadwork machines. A person who fails to comply commits an offence and is liable on conviction to a fine of HK\$200,000 and to imprisonment for 6 months.

From 1 September 2015, all regulated machines sold or leased for use in Hong Kong must be approved or exempted with a label issued by the Environmental Protection Department of Hong Kong. Owners of existing non-road mobile machineries must apply for exemption during the six-month grace period between 1 June and 30 November 2015. Late application will not be considered. Starting from 1 December 2015 only approved or exempted non-road mobile machineries with a proper label are allowed to be used in specified activities and locations including construction sites, container terminals and back up facilities, restricted areas of the airport, designated waste disposal facilities and specified processes.

REGULATORY OVERVIEW

A person who sells or leases, or causes to be sold or leased, a regulated machine that is approved or exempted must ensure that:

- (a) the machine bears a label that (i) complies with the requirements specified in the regulation and (ii) is painted or affixed on the machine and properly maintained in accordance with the requirements specified in the regulation; and
- (b) the information set out in the label conforms with the information provided to the relevant authority in support of the application for the approval or exemption of the machine.

A person who fails to comply with the above commits an offence and is liable on conviction to a fine of HK\$50,000 and to imprisonment for 3 months.

OTHERS

Competition Ordinance (Chapter 619 of the Laws of Hong Kong)

The Competition Ordinance came into force on 14 December 2015 and has a significant impact on construction companies and their suppliers operating in Hong Kong by prohibiting certain anti-competitive practices. A construction supplier should prepare and submit tenders independently of its competitors, free from cover pricing or bid-rigging. The supplier should avoid anti-competitive practices in relation to joint bidding with competitors on individual projects and participating in industry and trade association meetings. The supplier should not abuse its substantial degree of market power by predatory pricing, tying and bundling. The Competition Ordinance (i) prohibits conduct that prevents, restricts or distorts competition in Hong Kong, (ii) prohibits mergers that substantially lessen competition in Hong Kong; and (iii) provides for incidental and connected matters. The Competition Ordinance provides for the establishment of the Competition Commission of Hong Kong with investigation powers and the Competition Tribunal with adjudicative powers. The Competition Ordinance includes, among other provisions, the first conduct rule, which prohibits anti-competitive conduct involving more than one party; and the second conduct rule, which prohibits anti-competitive conduct by a part with substantial market power.

The first conduct rule provides that an undertaking must not (a) make or give effect to an agreement; (b) engage in a concerted practice; or (c) as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong. Examples of serious anti-competitive conduct includes (i) fixing, maintaining, increasing, or controlling the price for the supply of goods or services; (ii) allocating sales, territories, customers or markets for the production or supply of goods or services; (iii) fixing, maintaining, controlling, preventing, limiting or eliminating the production or supply of goods or services; and (iv) bid-rigging practices.

The second conduct rule provides that an undertaking that has a substantial degree of market power in a market must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. Factors which may be taken into account when determining whether an undertaking has such power includes the market share of the undertaking, the undertaking's power to make pricing and other decisions; and any barriers to entry to competitors into the relevant market.

REGULATORY OVERVIEW

The Competition Ordinance prohibits the abuse of a substantial degree of market power and provides two examples of abusive conduct. An undertaking with a substantial degree of market power may commit an abuse by engaging in ‘predatory behavior towards competitors’ or by ‘limiting production, markets or technical development to the prejudice of consumers’.

Penalties that the Competition Tribunal may impose for contraventions of a competition rule include pecuniary penalties, awards of damages, and interim injunctions during investigations or proceedings. The maximum penalty in relation to a ‘single contravention’ can be up to 10% of the annual turnover obtained by the undertaking concerned in Hong Kong for each year the infringement lasted, with a maximum of three years. The Competition Tribunal may also order the disqualification of responsible directors for up to five years, award injunctions, declare agreements to be void, award damages, confiscate illegal profits, and order the payment of costs of the Competition Commission’s investigation.

Compliance with the relevant requirements

Our Directors confirmed that our Group has obtained all relevant permits/registrations/licences for its existing operations in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

HISTORY, DEVELOPMENT AND REORGANISATION

OUR COMPANY

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 April 2016. Pursuant to the Reorganisation as more particularly described in the sub-section headed “Reorganisation” in this section, our Company has become the holding company of our Group for the purpose of the [REDACTED] and holds the entire interest in our operating subsidiary, Hing Ming, through our investment holding company, Trend Novel.

OUR BUSINESS HISTORY AND DEVELOPMENT

Our Group engages in (i) rental of temporary suspended working platforms and other equipment; and (ii) trading of equipment and spare parts, such as permanent suspended working platforms, motors and wire rope. Our business history can be traced back to September 1997 when Hing Ming was established by Mr. H.K. Tang, Ms. Au and a minority shareholder who is an Independent Third Party (the “**Former Shareholder**”) with their own financial resources. Mr. H.K. Tang, being one of our Controlling Shareholders and executive Directors, has over 20 years of experience in the suspended working platform industry. Prior to founding our Group, he started to carry on his business of machinery engineering in Hong Kong under the name of “Hing Ming” in the 1990s. Ms. Au is also one of our Controlling Shareholders and non-executive Directors, and is the spouse of Mr. H.K. Tang. For details of the background and relevant experience of Mr. H.K. Tang and Ms. Au, please refer to the section headed “Directors and Senior Management” in this document.

Due to the change in the government’s housing policy in 1998, lots of public housing estates and home ownership estates were built in Hong Kong. The business of our Group benefited from the booming of the construction industry in Hong Kong. Over the years, our business has grown and we have business exposure in places outside Hong Kong.

The key milestones in our Group’s development to date are set out below:

Year	Event
1997	Hing Ming, our operating subsidiary, was established
2000	We were appointed as an authorised agent for Power Climber B.V.B.A., an equipment manufacturer in Belgium, entitling us to provide training to technical personnel to carry out the service and installation of Power Climber hoists
2002	We obtained ISO9001 certification
2006	We leased temporary suspended working platforms to the contractor of a cross-border infrastructure project between Hong Kong and Shenzhen, the PRC
2007	We entered into the contract for the rental of temporary suspended working platforms for the construction of a landmark building located in Tsim Sha Tsui
2008	We expanded our business operation by engaging in the trading of permanent suspended working platforms, which are also known as building maintenance units

HISTORY, DEVELOPMENT AND REORGANISATION

Year	Event
2012	We entered into the contract for the rental of temporary suspended working platforms to the contractor of the infrastructure project of a cruise terminal project in Hong Kong
2013	We expanded our business operation by engaging in the rental of tower crane We entered into the contract for providing temporary suspended working platforms for a private housing project in Tai Po, with recognised revenue of approximately HK\$10.5 million during the Track Record Period
2014	We entered into the contract for providing temporary suspended working platforms and other equipment for a public housing project in Sha Tin, with recognised revenue of approximately HK\$15.8 million during the Track Record Period

OUR CORPORATE DEVELOPMENT

The following is a brief corporate history of the establishment and major changes in the shareholdings of each of our Company's subsidiaries.

Hing Ming

On 22 September 1997, Hing Ming was incorporated in Hong Kong with limited liability. Since then, it has been principally engaged in business relating to suspended working platforms.

As at the time of its incorporation, Hing Ming had an authorised share capital of HK\$1,000,000 divided into 1,000,000 ordinary shares of HK\$1.00 each. On 22 September 1997, 800,000, 100,000 and 100,000 shares in Hing Ming with a par value of HK\$1.00 each were allotted and issued as fully paid at par to Mr. H.K. Tang, Ms. Au and the Former Shareholder, respectively. Upon completion of the above allotment, Hing Ming was beneficially owned as to 80%, 10%, and 10% by Mr. H.K. Tang, Ms. Au, and the Former Shareholder, respectively.

On 23 June 2007, the authorised share capital of Hing Ming was increased from HK\$1,000,000 to HK\$6,000,000. On the same day, 4,500,000 shares and 500,000 shares in Hing Ming with a par value of HK\$1.00 each were allotted and issued as fully paid at par to Mr. H.K. Tang and Ms. Au, respectively. Upon completion of the above allotment, Hing Ming was beneficially owned as to approximately 88.3%, 10.0%, and 1.7% by Mr. H.K. Tang, Ms. Au and the Former Shareholder, respectively.

Pursuant to a deed of settlement entered into between, among others, Mr. H.K. Tang and the Former Shareholder dated 8 July 2010, the Former Shareholder transferred 100,000 ordinary shares in Hing Ming to Mr. H.K. Tang on 8 July 2010 at a total consideration of HK\$1.00, thereby ceasing to be a shareholder of Hing Ming. The consideration was determined based on negotiation between the parties. Such deed was entered into between the parties for a full and final settlement of the disputes arose between Mr. H.K. Tang and Ms. Au, on one part, and the Former Shareholder, on the other part, in relation to monetary claims, intellectual property rights and operation of Hing Ming which resulted in

HISTORY, DEVELOPMENT AND REORGANISATION

legal proceedings during the period from 2007 to 2009. Upon completion of the acquisition, Mr. H.K. Tang held 5,400,000 ordinary shares and Ms. Au held 600,000 ordinary shares, and the issued share capital of Hing Ming was owned as to 90% and 10% by Mr. H.K. Tang and Ms. Au, respectively.

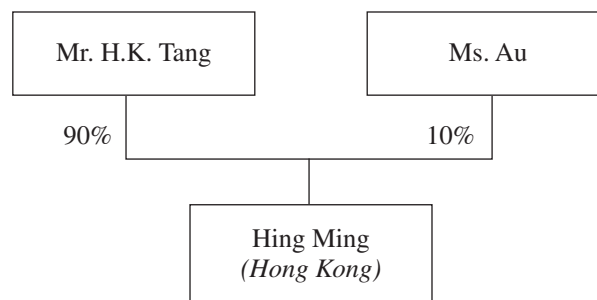
Trend Novel

On 1 February 2016, Trend Novel was incorporated in BVI with limited liability. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each. It is an investment holding company.

On 8 April 2016, one subscriber share with a par value of US\$1.00 was allotted and issued, credited as fully paid, to our Company, representing the entire issued share capital of Trend Novel. Upon completion, Trend Novel became a wholly-owned subsidiary of our Company.

REORGANISATION

Our Group underwent the Reorganisation in preparation for the [REDACTED]. The following chart sets forth our Group’s shareholding and corporate structure immediately before the Reorganisation:



The Reorganisation involved the following steps:

Incorporation of Hing Gut

On 4 March 2016, Hing Gut was incorporated in the BVI with limited liability as the investment vehicle of Mr. H.K. Tang and Ms. Au. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each.

On 23 March 2016, Hing Gut allotted and issued 9 shares and 1 share, credited as fully paid, to Mr. H.K. Tang and Ms. Au respectively. Upon completion of the above allotment, Hing Gut was beneficially owned as to 90% and 10% by Mr. H.K. Tang and Ms. Au, respectively.

HISTORY, DEVELOPMENT AND REORGANISATION

Incorporation of our Company

On 8 April 2016, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On the same day, one subscriber Share with a par value of HK\$0.01 was allotted and issued as fully paid to the initial subscriber. On the same day, the said one Share was transferred to Hing Gut at par value of HK\$0.01. Upon completion of the above transfer, Hing Gut became the sole Shareholder of our Company.

Incorporation of Trend Novel

On 1 February 2016, Trend Novel was incorporated in the BVI with limited liability. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US\$1.00 each.

On 8 April 2016, one subscriber share with a par value of US\$1.00 was allotted and issued, credited as fully paid, to our Company, representing the entire issued share capital of Trend Novel. Upon completion of the above allotment, Trend Novel became wholly-owned subsidiary of our Company.

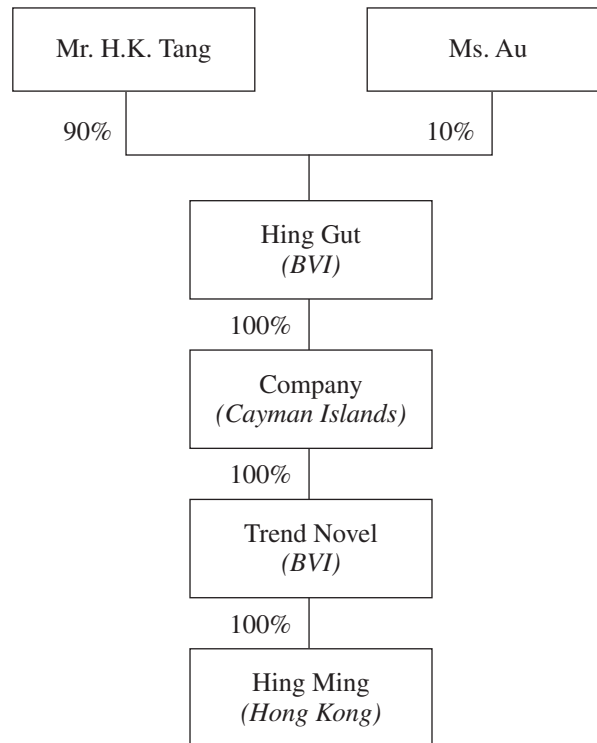
Acquisition of Hing Ming by Trend Novel from Mr. H.K. Tang and Ms. Au

On 23 February 2017, Mr. H.K. Tang and Ms. Au (as transferors), Trend Novel (as transferee), Hing Gut, our Company and Hing Ming entered into the Reorganisation Agreement. Pursuant to the Reorganisation Agreement, Trend Novel acquired the entire issued share capital of Hing Ming, which comprised (i) 5,400,000 ordinary shares held by Mr. H.K. Tang; and (ii) 600,000 ordinary shares held by Ms. Au. The shares were transferred to Trend Novel in consideration of the allotment and issue of 99 Shares, credited as fully paid, to Hing Gut.

Upon completion of the above transfers, (i) Hing Ming became a wholly-owned subsidiary of Trend Novel; and (ii) Hing Gut held 100 Shares in our Company, representing the entire issued share capital of our Company.

HISTORY, DEVELOPMENT AND REORGANISATION

The following chart sets forth our Group’s shareholding and corporate structure immediately after the Reorganisation but before the Capitalisation Issue and the [REDACTED] (without taking into account any Shares that may be allotted and issued upon the exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme):

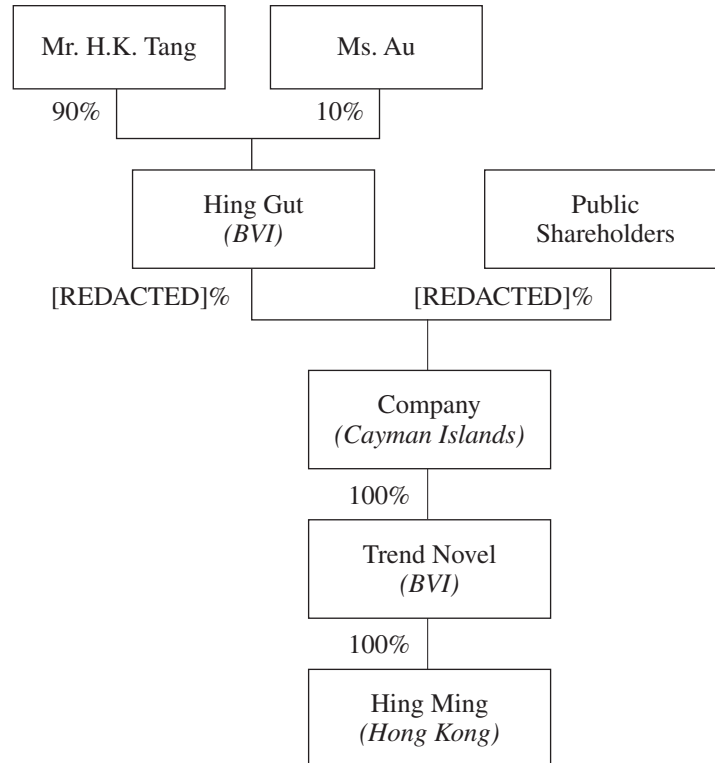


CAPITALISATION ISSUE

Conditional upon the crediting of our Company’s share premium account as a result of the issue of the [REDACTED] pursuant to the [REDACTED], our Directors are authorised to capitalise an amount of HK\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum towards to pay up in full at par a total of [REDACTED] Shares for allotment and issue, immediately prior to the [REDACTED], to the Sole Shareholder, namely Hing Gut.

HISTORY, DEVELOPMENT AND REORGANISATION

The following chart sets forth our Group's shareholding and corporate structure immediately after the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares that may be allotted and issued upon the exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme):



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BUSINESS OVERVIEW

We are the leading temporary suspended working platform rental service provider in Hong Kong in 2015 in terms of the revenue generated from the rental of temporary suspended working platforms according to the Frost & Sullivan Report, with a market share of approximately 22.8% of the total revenue of the industry in Hong Kong. We have over 18 years of experience in providing rental and related services of temporary suspended working platforms to our customers and offer a wide range of platforms which may be customised according to the needs of our customers. By leveraging our experience, we also offer other related services including (i) trading of permanent suspended working platforms; and (ii) rental of other construction equipment such as tower crane and generator.

During the Track Record Period, our Group provided temporary suspended working platforms to our customers for housing construction or repair and refurbishment purpose. We sourced motors and other temporary suspended working platform components separately from our suppliers, and we assembled the platforms in our storage and repairing workshop located in Pat Heung, Hong Kong. Our revenue generated from the rental and related services of temporary suspended working platforms amounted to approximately HK\$26.4 million, HK\$31.3 million and HK\$15.5 million for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively, representing approximately 59.4%, 69.6% and 82.3% of our total revenue for the corresponding periods. As at 31 August 2016, our Group had over 1,200 units of temporary suspended working platforms. The average rental and related services income of our temporary suspended working platforms were approximately HK\$3,800, HK\$3,200 and HK\$3,600 per platform per month for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively.

Apart from temporary suspended working platforms, our Group also offered tower crane and generator rental services to our customers for housing construction purpose during the Track Record Period. Our revenue generated from rental services for these equipment amounted to approximately HK\$3.9 million, HK\$2.9 million and HK\$0.4 million for the year ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively, representing approximately 8.9%, 6.4% and 1.9% of our total revenue for the corresponding periods.

With our established customer and supplier base, we also engage in the trading of equipment and spare parts predominantly in Hong Kong, mainly including permanent suspended working platforms, motors and wire rope, which further enhances our capability to satisfy customers' demand. Our revenue generated from the trading of equipment and spare parts amounted to approximately HK\$14.1 million, HK\$10.8 million and HK\$3.0 million for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively, which accounted for approximately 31.7%, 24.0% and 15.8% of our total revenue for the corresponding period. We mainly sourced our equipment and spare parts from suppliers located in Germany, Belgium, Spain and China, and sold them mainly to construction contractors and trading companies in Hong Kong during the Track Record Period. Our Group sold 17, five and nine units of permanent suspended working platforms for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively, and the average selling prices per unit were approximately HK\$0.3 million, HK\$0.9 million and HK\$0.2 million for the same period, respectively. We also sold various equipment such as generator and skid loaders to our customers during the Track Record Period.

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We place great emphasis on the quality and maintenance of our equipment in order to enhance operational safety and reliability and ultimately to gain customer confidence and loyalty.

We have established long standing and strong relationships with our customers. Most of our five largest customers during the Track Record Period are construction companies engaged in housing construction or repair and refurbishment projects in Hong Kong which require the use of suspended working platforms. During the Track Record Period, a majority of our revenue was derived in Hong Kong, and the revenue derived from outside Hong Kong was mainly attributable to our Group's trading business. The table below sets out the breakdown of our revenue by geographical locations:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
					(unaudited)			
Hong Kong	36,967	83.2	39,725	88.3	16,701	89.7	17,813	94.8
Thailand	4,289	9.6	4,192	9.3	1,364	7.3	913	4.9
Macau	2,493	5.6	901	2.0	515	2.8	19	0.1
Others	706	1.6	199	0.4	32	0.2	50	0.2
Total	<u>44,455</u>	<u>100.0</u>	<u>45,017</u>	<u>100.0</u>	<u>18,612</u>	<u>100.0</u>	<u>18,795</u>	<u>100.0</u>

During the Track Record Period, our total revenue was approximately HK\$44.5 million, HK\$45.0 million and HK\$18.8 million for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively and our profit and total comprehensive income was approximately HK\$9.8 million, HK\$9.6 million and HK\$0.9 million for the corresponding period respectively.

According to the Frost & Sullivan Report, there is growth potential in the suspended working platform rental and trading industry. The demand for temporary suspended working platforms is expected to increase in future and the leasing market of the platforms in Hong Kong is expected to increase from approximately HK\$137.5 million in 2015 to approximately HK\$166.6 million in 2020, which would represent a CAGR of approximately 3.9% from 2015 to 2020, while the demand for permanent suspended working platforms is expected to increase from approximately HK\$205.5 million in 2015 to approximately HK\$255.4 million in 2020 which would represent a CAGR of approximately 4.4% from 2015 to 2020. Hong Kong tower crane leasing market generally followed the trend of Hong Kong overall construction market. According to the Frost & Sullivan Report, tower crane leasing market value is likely to reach HK\$367.7 million in 2020, representing a CAGR of approximately 4.6% from 2015 to 2020.

COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and differentiated us from our competitors:

We are the leading temporary suspended working platforms rental service provider with extensive expertise and stringent quality control which ensures high quality of products and services

According to the Frost & Sullivan Report, we are the leading temporary suspended working platform rental service provider in Hong Kong in 2015 in terms of the revenue generated from the rental of temporary suspended working platforms with a market share of approximately 22.8% of the total

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revenue of the industry in Hong Kong. We have participated in a number of large scale construction projects in Hong Kong, including public sector projects in Sha Tin and Kwun Tong, as well as private sector projects in Tai Po and Kau To Shan. We have established the reputation as a dedicated temporary suspended working platform rental service provider achieving customer satisfaction and quality of work which in turn enables us to gain confidence from our customers. We believe that our proven track record, our ability to deliver our jobs on time and the satisfaction of our customers are the crucial factors to our success in the industry. Our significant market share in the industry also allows us to gain trust from our existing customers and attract potential customers, which in turn will continue to drive the competitiveness of our Group.

We impose a stringent quality control regime in order to ensure product and service quality. During the Track Record Period and up to the Latest Practicable Date, there was no incident regarding the quality of our services or equipment which had a material impact on us.

We place great emphasis on the quality and maintenance of our equipment to enhance operation safety and reliability. We source our suspended working platforms from reputable equipment manufacturers from Germany, Belgium, Spain and China. As at 31 August 2016, the remaining useful life of our temporary suspended working platforms was approximately five years on average. We regularly inspect and service our equipment to ensure they are well-maintained, in good condition and ready to use when they are needed by our customers. Regular repair and maintenance enhances the useful life and also resale value of our equipment. During the Track Record Period, we were able to dispose some of our used equipment at a price above their net book value.

We believe that our focus on equipment quality, safety and reliability, coupled with our strong maintenance program, could reduce equipment downtime, improve efficiency and help our customers to save time and cost, thereby gaining customer confidence and loyalty.

In addition, we believe that our reputation for our timely delivery of products and services is also one of our core competitive strengths and this has allowed us to maintain stable relationships with our existing customers and to attract new customers. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material customer complaints regarding any delays in delivery of our products and services. We believe that our extensive expertise, stringent quality control and good market reputation establish a solid foundation for our long-term growth by enabling us to maintain long-term customer relationships and expand our customer base.

We maintain stable relationships with our customers and suppliers

Through more than 18 years of experience in temporary suspended working platform industry, we have a long established business relationship with our customers and suppliers. Our customers include construction companies engaged for construction works in either public or private projects. Our major customers include well-established construction companies, and we have a long business relationship with some of them for over 10 years. In particular, our Group earned an outstanding vendor recognition from one of our five largest customers during the Track Record Period, in recognition of our outstanding performance. Our Directors believe that our long established relationship with some of our customers reinforces our Group as one of the preferred suspended working platform rental and trading service providers to their projects.

BUSINESS

Our Group has also maintained stable business relationship with our major suppliers, among which, two major suppliers, GEDA Dechentreiter GmbH & Co. KG and Power Climber B.V.B.A, the international equipment manufacturers, have already had business relationships with us for over eight years. Moreover, we have developed stable business relationship with another two major suppliers in China for two to five years. This helps us to ensure the equipment supplied to us is at competitive prices and our Group would have adequate supply of equipment, which are crucial to the future development of our Group.

We have the ability to provide comprehensive temporary suspended working platform rental-related solutions with value-added services

Leveraging on our experience and scale of operations, we have the ability to provide comprehensive temporary suspended working platform rental-related solutions, including project planning consultation, equipment rental, equipment procurement, on-site installation, training, technical support and transportation services, which cover the value-added services that our customers generally require from commencement to completion of their projects. Thus, when our customers engage us to provide the platforms, we are able to assist them in resolving different planning, technical, logistic and operation issues and meet their specific needs.

We believe that given our extensive experience, we are able to provide an efficient and effective solution to our customer, thereby helping our customer to save time and costs. We believe we have established our reputation for our ability to provide workable solutions in the planning and deployment for the platforms and have therefore been able to secure our business and remain competitive.

In addition, our Group has strong ability to customise the shape of platforms according to customers' demand, in order to fit into the shape of the target buildings. This customised service could facilitate our customers' construction work as the temporary suspended working platform can operate close to the exterior wall of the buildings.



This ability is particularly crucial when bidding contracts in the bidding process, as it would differentiate us from other bidders which do not have such ability or services, and in turn increase our chance of securing the contracts.

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We have professional and experienced in-house staff to provide operational and technical support

We place significant emphasis on the services provided by our staff. Our technicians possess expertise and relevant professional qualifications on suspended working platforms, which is crucial for us to ensure the effective and efficient completion of projects undertaken by us. As at 31 August 2016, our technicians consist of 30 personnel, some of whom have been working with us for over eight years. They may be stationed at the project sites if required by our customers, to service equipment in a timely manner so as to ensure our customers are provided with fully operable equipment when needed.

Quality service of our staff is important for effective execution and building up our reputation and customer relationships. We therefore exercise control over our service quality by providing our staff with on-the-job training relevant to their duties to ensure that they are competent in keeping our platforms well-maintained and in good condition, skilled in operating the platforms and well-informed about the functions and maintenance of the platforms.

We have an experienced and dedicated management team

We consider the strength of our management team is fundamental to our success. Our Group has an experienced and dedicated management team, led by Mr. H.K. Tang (being one of our founders, the chairman of our Board, the chief executive officer of our Company and our executive Director) and Mr. Leung She Lit (being our director of Engineering) who have more than 20 and 18 years of experience in the suspended working platform industry respectively. They have extensive knowledge in the industry and are competent to perform their duties in a reliable and timely manner which is crucial for us to ensure the effective and efficient completion of projects undertaken by us. Please refer to the section headed “Directors and Senior Management” of this document for the biographical details of our executive Directors and senior management.

Given the experience and technical knowledge of our management team, we believe we are able to remain competitive in and well-positioned to compete for securing contracts in the future.

BUSINESS STRATEGIES

Our business objective is to maintain our position as the leading temporary suspended working platform services provider in Hong Kong and explore new business opportunities if suitable opportunity arises. By adopting the business strategies set out below, we plan to continue to expand our market share and strengthen our market position in Hong Kong.

Continue to strengthen our market position in the industry by replacement of our existing temporary suspended working platforms

Being a leading temporary suspended working platform rental service provider with the requisite capability and expertise in this industry, and coupled with our long history of operation and experience, we had successfully secured contracts for 33 housing construction works in Hong Kong during the Track Record Period. As at 31 August 2016, we have maintained over 1,200 temporary suspended working platforms with an average remaining useful life of approximately 5.0 years and a rent-out rate of 60.5%.

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Our Directors plan to purchase 1,300 new motors and other necessary components for replacement of old temporary suspended working platforms after taking into account (i) the growing temporary suspended working platform leasing market in Hong Kong; (ii) the increasing demand for the use of newer temporary suspended working platforms; (iii) maintaining our utilisation rate at an optimal level; and (iv) orders from existing customers of our Group.

1. Growing demand for the leasing of temporary suspended working platforms in Hong Kong

According to the Frost & Sullivan Report, there will be an increasing market demand for the leasing of temporary suspended working platforms in Hong Kong. The temporary suspended working platform market in Hong Kong is going to be driven by a number of factors, such as the substitute of bamboo shed, aging buildings, reformation of tap water pipes and the development of public housing. Further, although the estimated annual growth rate of temporary suspended working platform leasing value is predicted to decrease from 8% in 2015 to 3.7% in 2016, the estimated annual growth rate from 2016 to 2020 remains steady, with a range of 3.7% to 4.1%. In addition, in the long run, the temporary suspended working platform leasing value itself is expected to increase from HK\$142.6 million in 2016 to HK\$166.6 million in 2020.

According to the Frost & Sullivan Report, the Hong Kong construction market will be driven by (i) the government's plans to build 480,000 both public and private flats over the next 10 years; and (ii) large scale infrastructure projects approved by the government in Hong Kong. In light of this, our Directors are of the view that the market demand for temporary suspended working platforms will further be stimulated by HKHA's building construction projects, building construction projects in the private sector and infrastructure projects in Hong Kong.

2. Increasing demand for the use of newer temporary suspended working platforms

Our Directors were given to understand that HKHA has currently adopted a rating system which applies to temporary suspended working platforms used by its main contractors for its construction projects. Generally, the newer the motors of temporary suspended working platforms are, the higher rating the main contractor would receive from HKHA, which may result in a higher chance for the main contractor to secure tenders of HKHA's construction projects in the future. Based on our Directors' understanding, currently there is a preference for motors which are aged below 10 years. However, due to a great emphasis by HKHA on the safety of temporary suspended working platforms, it is expected that preference may shift to motors which are aged below 5 years in the future. Given the foregoing, our Directors are of the view that there is a preference of and an incentive for main contractors of HKHA's constructions projects to rent temporary suspended working platforms with newer motors.

Below is a table setting out the number of our motors by age. Although the average age of motors owned by our Group was approximately 5.0 years as at 31 August 2016, approximately 25.1% of our existing motors are aged over 10 years, which may not be preferable by HKHA or our main contractors. If our Group does not purchase new motors, approximately 28.8% and 23.9% of our existing motors will be aged over 10 years and over 5 years but below 10 years as at 31 March 2019, respectively. Our

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Directors consider that only if our Group purchase new motors for replacement, it would enhance our competitiveness in the supply of temporary suspended working platforms in public housing constructions and meet the growing demand of the leasing of temporary suspended working platforms in Hong Kong.

Age	Number of motors by age as at			
	31 August 2016		31 March 2019	
		<i>% of total</i>		<i>% of total</i>
Within 1 year	677	27.9%	—	—
1 to 5 years	1,050	43.3%	1,147	47.3%
5 to 6 years	—	—	—	—
6 to 7 years	—	—	—	—
7 to 8 years	—	—	580	23.9%
8 to 9 years	69	2.8%	—	—
9 to 10 years	21	0.9%	—	—
more than 10 years	608	25.1%	698	28.8%
Total	<u>2,425</u>	<u>100.0%</u>	<u>2,425</u>	<u>100.0%</u>

As a leading temporary suspended working platform rental service provider in Hong Kong, our Group is dedicated to provide quality services and products to our customers. Thus, our Directors are of the view that it is the appropriate timing to replace the existing motors to fulfil customers' needs.

Assuming that 1,300 new motors are purchased according to the our future plans and the old motors become obsolete, the aging of our motors will be revised as below:

Age	Number of motors by age as at 31 March 2019	
		<i>% of total</i>
Within 1 year	400	13.2%
1 to 5 years	2,047	67.6%
5 to 6 years	—	—
6 to 7 years	—	—
7 to 8 years	580	19.2%
8 to 9 years	—	—
9 to 10 years	—	—
more than 10 years	—	—
Total	<u>3,027</u>	<u>100.0%</u>

If our above plan is successfully implemented, as at 31 March 2019, our Group will possess approximately 1,200 temporary suspended working platforms aged within five years and approximately 300 platforms aged over five years but below 10 years.

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3. Maintaining our utilisation rate at an optimal level

The utilisation rate of our temporary suspended working platforms was approximately 70.6%, 79.7% and 77.2% respectively for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016. Our Directors consider the utilisation rate of 70–80% is an optimal level for our operation for the following reasons:

1. it is necessary for our Group to maintain spare fleet capacity for replacement in case of machine failure during the rental period; and
2. it is necessary for our Group to maintain a certain level of its fleet capacity for urgent orders from customers, which our Group can charge a higher premium for those orders.

Having considered HKHA's preference for the use of newer motors, in order to maintain our utilisation rate at the optimal level, it is reasonable for our Group to purchase 1,300 new motors and other necessary components by using [REDACTED] from the [REDACTED] for the replacement of motors which are aged more than 10 years. Our Directors estimate that our utilisation rate will be maintained at an average of approximately 75%, even after new motors are purchased according to our future plan.

4. Orders from existing customers of our Group

Certain projects in progress or to be undertaken by our Group to supply temporary suspended working platforms for rental require a significant amount of temporary suspended working platforms (e.g. 200 platforms or more per project) and our Directors are of the view that it is reasonable to purchase more new motors to cater for projects which are of a relatively larger scale. During the Track Record Period and up to the Latest Practicable Date, we had five completed projects and one existing project which 200 temporary suspended working platforms or more have been deployed in at least a month for a single construction site.

Among the 1,300 new motors we plan to purchase, approximately 600 of which will be used to replace our existing motors, the average cost of the new motor is estimated to be approximately HK\$4,900 each. As a result of the above plan, we estimate that we will incur additional depreciation expenses of approximately HK\$7,000, HK\$0.6 million and HK\$0.7 million for the years ending 31 March 2017, 2018 and 2019. Our Directors consider that such additional depreciation expenses has limited impact to our results of operation.

Our Directors believe that maintaining a younger fleet of temporary suspended working platforms by replacement of old temporary suspended working platforms with new ones is necessary to retain our existing customers and solicit new customers, which would in turn strengthen our leading marketing position in the industry. Our Group has replaced and will continue to replace, from time to time, our existing temporary suspended working platforms by purchase new motors and other necessary components, and at the same time, sell our used motors to customers.

We will invest in new temporary suspended working platforms and dispose of used motors with reference to the changing market conditions. By optimizing the size of our equipment fleet and identifying the right timing of investing, we aim to increase our returns on investment and maintain our operational flexibility.

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Our Directors expect that a sum of approximately HK\$[REDACTED], representing approximately [REDACTED]% of the [REDACTED] from the [REDACTED], will be used to strengthen our market position in the suspended working platform industry by purchasing 1,300 motors and other necessary components. For details, please refer to the section headed “Future plans and [REDACTED]” in this document.

Diversify our income stream and capture the market demand of rental services of tower crane

During the years ended 31 March 2015 and 2016, we owned one jointly-owned tower crane. Each of our Group and an independent business partner owns 50% of the jointly owned tower crane. We purchased two tower cranes during the five months ended 31 August 2016, and two more tower cranes subsequently up to the Latest Practicable Date, in order to capture the market demand of rental services of tower crane and meet the needs of our customers. In June 2016, we secured a rental agreement to supply four tower cranes for a building construction project in Kau To Shan, which has commenced in November 2016. We plan to further expand our tower crane rental business by hiring new talents with relevant knowledge and purchasing more tower cranes which require comparatively higher capital investment due to their higher purchase costs after taking into account the following factors:

1. Growing tower crane leasing market in Hong Kong

We anticipate that the construction industry will continue to grow over the coming years due to the execution of HKHA’s Public Housing Construction Programme and our Directors believe that the market demand for other construction machinery, such as tower cranes and generators, will increase. According to the Frost & Sullivan Report, the tower crane leasing market in Hong Kong generally followed the trend of the overall construction market in Hong Kong. From 2010 to 2015, the tower crane market in Hong Kong increased from HK\$217.7 million to HK\$293.1 million in terms of leasing value, with a CAGR of 6.1%. In the forecast period, tower crane leasing market value is likely to reach HK\$367.7 million in 2020, representing a CAGR of 4.6% from 2015 to 2020.

In addition, according to the Frost & Sullivan Report, the Hong Kong construction market will be driven by (i) the government’s plan to build 480,000 public and private flats over the next 10 years; and (ii) large scale infrastructure projects approved by the government in Hong Kong. As tower cranes are in general widely used in building construction and infrastructure projects to hoist and move materials, our Directors are of the view that the market demand for tower cranes will further be stimulated by (i) the building construction projects of HKHA; (ii) the building construction projects in the private sector; and (iii) the infrastructure projects in Hong Kong.

2. Increasing demand for newer tower cranes with heavier load capacity

Our Directors were given to understand from some of our top five customers, who are also main contractors of HKHA’s building construction projects, that HKHA has currently adopted a rating system with respect to the machinery, such as tower cranes and temporary suspended working platforms, used by main contractors. Generally, the newer the tower cranes they use, the higher rating the main contractors would receive from HKHA, which may result in a higher chance for the main contractors to secure tenders of HKHA’s construction projects in the future. As a result, there is a preference of, and an incentive for, main contractors of HKHA’s construction projects to rent newer tower cranes.

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Moreover, our Directors were given to understand that pre-made components used in the newly built public residential buildings in Hong Kong are becoming heavier, which led to a market demand of tower cranes with heavier load capacity. According to Frost & Sullivan, there is a trend that tower cranes with heavier load capacity are becoming increasingly popular for leasing purpose.

Owing to the above, our Directors consider that it is an opportunity to expand our business to the rental of tower cranes and diversify our income stream. Our Group would have a higher chance in securing contracts of the supply of tower cranes in public housing construction projects only if it has new tower cranes with heavier load capacity for lease.

3. Expansion of the range of equipment fleet

In addition to the above factors, our Directors consider to expand the range of equipment fleet by investing in tower cranes in order to further diversify our income stream and fulfil the different needs of customers during various stages of construction works.

Given that the purchase costs of a tower crane is approximately HK\$2.9 million, we estimate that the payback period of a tower crane is approximately 3.5 years. Having considered tower cranes typically have a useful life of 10 years and that our Group has sufficient land for storage of additional tower cranes, our Directors consider that the investment in tower cranes is reasonable and beneficial to our Group.

4. Orders from an existing customer of our Group

In June 2016, our Group secured a rental agreement from one of our existing major customers to supply four tower cranes for a building construction project in Kau To Shan to build four buildings in the private sector. In view of this, we purchased two tower cranes during the five months ended 31 August 2016 and another two tower cranes subsequently and up to the Latest Practicable Date, each with a heavy load capacity of 20 tonnes, for such project.

From time to time, our Group has received requests from our customers for the provision of tower crane rental services. Apart from the above secured orders, we are also in the course of negotiating with other potential and existing customers in relation to the provision of tower crane rental services.

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Having considered the above, our Group intends to purchase additional tower cranes in stages, which is detailed below:

Expected time frame	Number of tower cranes to be purchased
Six months ending 31 March 2017	2
Six months ending 30 September 2017	4
Six months ending 31 March 2018	2
Six months ending 30 September 2018	1
Six months ending 31 March 2019	<u>2</u>
Total	<u><u>11</u></u>

Our Directors believe that, with our experience in rental of construction equipment and proven track record and the relevant network in Hong Kong, our Group will continue to obtain orders for the rental of tower cranes, which shall further diversify our Group’s income stream and enhance the profitability.

Operational impact

Given that we intend to purchase additional tower cranes for leasing to our customers, in order to support our operation in tower crane rental business, we expect to recruit one mechanical engineer to resolve technical issues, two general technicians to perform repair and maintenance and one salesperson to solicit rental orders. We estimate that we will incur additional staff costs of approximately HK\$1.7 million per year for hiring the mechanical engineer, technicians and salesperson. For details, please refer to the section headed “Future plans and [REDACTED]” in this document. Further, our Directors and senior management will also devote portion of their time to develop the tower crane rental business. While our rental business continues to be mainly focused on temporary suspended working platforms, we believe that such diversification of our rental equipment and adjustment to the size and composition of our fleet can enhance our participation in the construction industry, which would in turn lead to a wider recognition of our brand name, diversification of our revenue stream and thus increase our profitability.

Financial impact

Our Directors believe that the additional tower cranes will generate additional revenue for our Group with a positive profit outlook envisaged on the basis of (i) the growing tower crane leasing market in Hong Kong; (ii) the increasing demand for tower cranes with heavier load capacity; (iii) the expansion of the range of equipment fleet; and (iv) the orders from an existing customer of our Group. Going forward, our Directors believe that the expansion of the tower crane rental business may bring the following financial impact to our Group: (i) substantial expenditure will be incurred for the purchase of new tower cranes, significantly increasing our tangible assets which will be depreciated over a period of 10 years, and thus additional depreciation expenses in the estimate amount of approximately nil, HK\$1.8 million and HK\$2.7 million for the years ending 31 March 2017, 2018 and 2019 respectively will be incurred which will affect our profit margin; and (ii) our operating costs will increase, including

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expenses in relation to maintenance costs and insurance costs. To pursue this strategy, we currently expect that a sum of approximately HK\$[REDACTED], representing approximately [REDACTED]% of the [REDACTED] from the [REDACTED], will be used to capture the market demand of rental services of tower crane by purchasing 11 units of tower cranes and recruiting talented personnel. For details, please refer to the section headed “Future plans and [REDACTED]” in this document.

PRINCIPAL BUSINESS AND BUSINESS MODEL

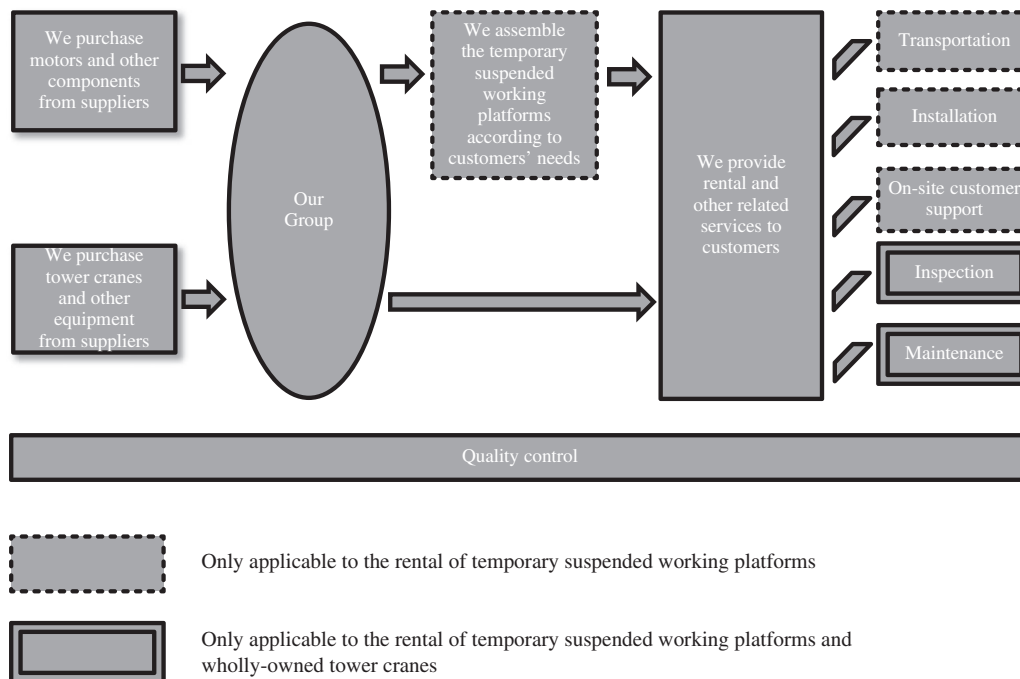
The principal businesses of our Group include (i) rental of temporary suspended working platforms and other equipment; and (ii) trading of equipment and spare parts, mainly including permanent suspended working platforms, motors and wire rope.

The table below set out our revenue by business segments during the Track Record Period:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Rental services	30,353	68.3	34,205	76.0	13,409	72.0	15,827	84.2
Trading of equipment and spare parts	14,102	31.7	10,812	24.0	5,203	28.0	2,968	15.8
Total	44,455	100.0	45,017	100.0	18,612	100.0	18,795	100.0

Rental services

The following diagram illustrates the business model in respect of our rental of temporary suspended working platforms, tower cranes and other equipment:



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During the Track Record Period, our revenue was mainly derived from the rental services which accounted for approximately 68.3%, 76.0% and 84.2% of our total revenue for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively. The table below sets out the breakdown of our revenue derived from the rental of our temporary suspended working platforms and other equipment during the Track Record Period:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Rental services								
— Rental and related services								
income from temporary								
suspended working platforms	26,421	87.0	31,345	91.6	12,074	90.0	15,459	97.7
— Rental income from								
tower crane	705	2.3	701	2.1	300	2.3	—	—
— Rental income from								
other equipment	3,227	10.7	2,159	6.3	1,035	7.7	368	2.3
	<u>30,353</u>	<u>100.0</u>	<u>34,205</u>	<u>100.0</u>	<u>13,409</u>	<u>100.0</u>	<u>15,827</u>	<u>100.0</u>
Total	<u>30,353</u>	<u>100.0</u>	<u>34,205</u>	<u>100.0</u>	<u>13,409</u>	<u>100.0</u>	<u>15,827</u>	<u>100.0</u>

Temporary suspended working platforms

During the Track Record Period, our Group rented temporary suspended working platforms to our customers for housing construction or repair and refurbishment purpose.

Our Group provides one-stop temporary suspended working platform rental and related services to our customers, starting from (i) project planning, (ii) customisation, (iii) delivery of platforms to construction site, (iv) installation and inspection, (v) on-site customer support during the rental period, to (vi) disassembly and delivery of platforms back to our storage and repairing workshop. Unlike rental of some other construction equipments such as spider lifts and crawler cranes, which are usually standardised items and can be directly deployed to the construction sites without any modification, the temporary suspended working platforms rental service providers may be required to customise the shape/size of the temporary suspended working platforms for rental in order to fit into the shape of the target buildings. In this respect, we normally (i) perform site visits, (ii) propose layout plans with optimal numbers and the most suitable types/shapes of temporary suspended working platforms required according to the customers’ requirements for the respective construction site and (iii) customise the shape/size of temporary suspended working platforms according to the layout plans. During the Track Record Period, our revenue derived from the rental and related services of temporary suspended working platforms amounted to approximately 59.4%, 69.6% and 82.3% of our total revenue for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively.

Tower crane

Leveraging on our experience in rental of temporary suspended working platform, we expand the range of our rental equipment fleet and offer tower crane rental services to our customers. During the years ended 31 March 2015 and 2016, we owned one jointly-owned tower crane. Each of our Group and an independent business partner owns 50% of the jointly owned tower crane. We purchased two tower cranes during the five months ended 31 August 2016, and two more tower cranes subsequently up to the Latest Practicable Date, in order to capture the market demand of rental services of tower crane and

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meet the needs of our customers. In June 2016, we secured a rental agreement to supply four tower cranes for a building construction project in Kau To Shan, which has commenced in November 2016 and is expected to end in September 2018.

In respect of the jointly owned tower crane, under the contractual arrangement as agreed between our Group and the business partner in June 2013 and in consideration of contribution to the purchase price of such tower crane in equal amounts, each of our Group and the business partner would be entitled to 50% of the rental income generated from the leasing of the tower crane after deducting the maintenance cost such as staff cost on service and maintenance, and insurance costs (if any) ("**Entitled Income**").

For the tower cranes wholly owned by us, our Group will provide inspection and maintenance service of the cranes to our customers during the rental period. Hiring of tower crane operators is the lessees' own responsibility and is not included in the rental arrangement. During the Track Record Period, we had never provided any tower crane operators to our customers. In case the lessee requires the services of tower crane operators, we may assist the respective lessee in hiring operators by referring suitable candidates.

Our business operations of the jointly owned tower crane and the tower cranes wholly owned by us differ in the way that for the jointly owned tower crane, our business partner is responsible for the maintenance of the tower crane and related administrative work such as purchasing insurance and collecting rent; whereas for the tower cranes wholly owned by us, we are fully responsible for all of such works. In addition, for the jointly owned tower crane, our business partner may liaise with any third party for the rental arrangement and enter into rental agreement subject to our consent, whereas for the tower crane wholly owned by us, we are solely responsible for liaising and entering rental agreements with potential customers.

The accounting treatments also differ in the way that for the jointly owned tower crane, our Group recognises the Entitled Income as revenue when the rental services are rendered and no maintenance and insurance costs are recognised; whereas for the tower cranes wholly owned by us, our Group recognises the rental and related services income when the rental services rendered and recognises the maintenance and insurance cost as our cost of services when they are incurred.

Our revenue derived from the rental of tower crane amounted to approximately 1.6%, 1.6% and nil of our total revenue for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively. No revenue from rental of tower crane was recognised for the five months ended 31 August 2016 because the jointly owned tower crane underwent repair and maintenance following the completion of the previous rental agreement in March 2016 and we were under negotiation with potential customers for rental agreement.

Other equipment

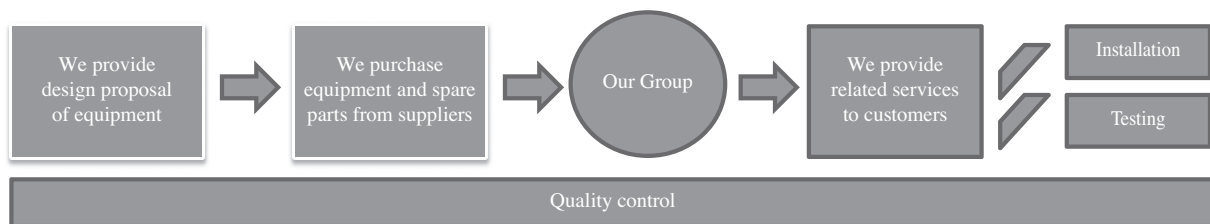
As at 31 August 2016, we possess nine generators of different power output capacity of 270 KVA and 400 KVA. During the Track Record Period, our revenue derived from the rental of other equipment amounted to approximately 7.3%, 4.8% and 2.0% of our total revenue for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively.

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We believe that our customers prefer to lease temporary suspended working platform and other equipment from us instead of directly leasing them from manufacturers as (i) our one-stop temporary suspended working platform rental and related services to our customers largely reduce our customers’ workload, meet their different requirements and resolve their technical difficulties; and (ii) we are strategically located in Hong Kong, which puts us in close proximity to our customers in Hong Kong. This provides us with logistical advantages for our operations, enabling efficient delivery, and significantly reducing transportation costs compared to manufacturers not based in Hong Kong. Close proximity reduces the risk of product damage during the transportation process. Our local presence also enable us to provide timely technical and material support to our customers.

Trading of equipment and spare parts

The following diagram illustrates the business model in respect of our trading services:



With our established customer and supplier base, our Group also trades equipment and spare parts, including permanent suspended working platforms, motors and wire rope, which further enhances our capability to satisfy customers’ demand. Our Directors believe that our long established relationship with some of our customers reinforces our Group as one of the preferred equipment and spare parts providers to their projects. During the Track Record Period, our revenue derived from the trading of equipment amounted to approximately 31.7%, 24.0% and 15.8% of our total revenue for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively.

The table below sets out the breakdown of our revenue derived from the trading of our equipment and spare parts during the Track Record Period:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Sales of permanent suspended working platforms	5,239	37.2	4,337	40.1	3,156	60.7	1,890	63.7
Sales of other equipment and spare parts	7,881	55.9	5,949	55.0	1,810	34.8	896	30.2
Trade related services income	982	6.9	526	4.9	237	4.5	182	6.1
Total	14,102	100.0	10,812	100.0	5,203	100.0	2,968	100.0

Permanent suspended working platforms

During the Track Record Period and up to the Latest Practicable Date, we sourced new permanent suspended working platforms for our customers from suppliers located in Germany, Belgium, Spain and China. Our customers are mainly construction contractors and trading companies in Hong Kong.

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Apart from permanent suspended working platform sourcing, we were involved in design, installation and testing of the equipment. In particular, we are responsible to come up with a design proposal of the equipment for our customer's approval. We conduct installation work and testing of equipment upon delivery to the location designated by our customer. Upon their request, we also appoint Competent Examiner to perform load testing and thorough examination on the equipment to certify that it is in safe working order.

Other equipment and spare parts

Depending on the demand and requirements of our customers, our Group also offer various new and used equipment and spare parts including motors and wire rope, both of which are the essential components of temporary suspended working platforms, to customers for sales.

(i) Sales of new equipment and spare parts

We source new equipment and spare parts mainly through manufacturers located in Belgium, Korea and China. Our customers who purchase our new equipment and spare parts are mainly construction contractors in Hong Kong. When our customers place orders with us, we would generally place back-to-back orders accordingly with our suppliers. We determine the selling price for the on-sale of the equipment and spare parts to our customers generally on a cost-plus basis.

(ii) Sales of used equipment and spare parts

We would also sell our used equipment and spare parts, mainly motors, from time to time to satisfy specific demand of customers, as part of our fleet management to adjust the size and composition of our fleet of equipment and spare parts according to changing market conditions, and as part of our ongoing commitment to maintain a younger fleet of our temporary suspended working platforms. Our customers who purchase our used equipment and spare parts include equipment rental and trading companies. We determine the resale price for our used equipment and spare parts generally by making reference to the market resale price and the estimated selling costs. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, we sold 58, 141 and 23 units of used motors respectively, of which 58, 121 and nil units were aged over 10 years and had already fully depreciated by the time of being sold, which contributed approximately HK\$1.7 million, HK\$3.7 million and HK\$0.1 million respectively to our Group's revenue. We believe that we achieve favourable resale prices for our used rental equipment due to our preventive maintenance.

We have also adopted a procedure for the disposal of the components of our used temporary suspended working platform after the end of their useful lives. Such components would be stored together in a designated area of our warehouse, and they would either be sold to the recycling companies at a low price or collected by the recycling companies at no cost.

In addition, we sell other used equipment such as used skid loaders and generator to our customers in Hong Kong. During the Track Record Period, we sold four units of used skid loaders and one unit of generator, which contributed approximately HK\$0.8 million and HK\$0.3 million respectively to our Group's revenue.

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Trade related services

Trade related services mainly involve provision of transportation services and maintenance services related to the trading of equipment and spare parts.

We believe that the above trading business strengthens our bargaining position for our purchases from our suppliers.

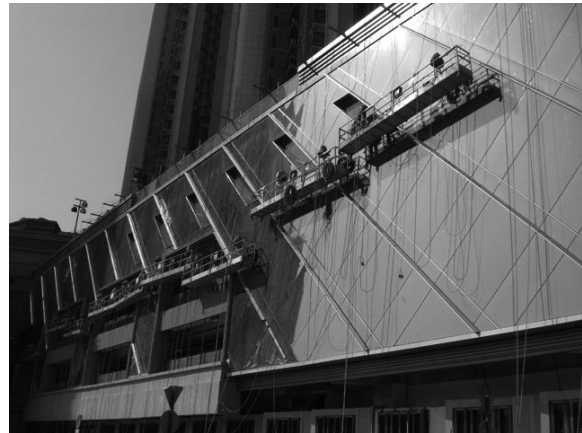
PRODUCTS

Suspended working platforms can be classified as permanent and temporary suspended working platforms.

Temporary suspended working platforms

A temporary suspended working platform is generally used for building construction, repair and refurbishment and is an advanced substitute for bamboo sheds, as it is more flexible and safe. It is temporarily assembled on a building or a structure, and will be dismantled at the completion of the work for which it was installed. It is mainly used for painting and insulating work, cladding, repairs and refurbishment on building. It comprises a working platform, normally suspended on wire ropes attached to a roof rig. The working platform may be lifted or lowered by winches or climbers which are usually mounted on the working platform. The stability of the roof rig may be achieved either by counterweights or direct attachment to the structure component of the roof of the building or structure.

Motor is the power drive of temporary suspended working platform. Normally, a platform is assembled by two motors, together with other metal and electrical components. For the purpose of calculating the number and age of our platforms, our Directors are of the opinion that motor is the key component and hence two motors maintained by us are equivalent to one temporary suspended working platform.



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The average rental and related services income of our temporary suspended working platforms were approximately HK\$3,800, HK\$3,200 and HK\$3,600 per platform per month for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 respectively. Our Group recorded a relatively higher average rental rate for the year ended 31 March 2015 mainly because a major project in Tai Po involved the use of specially designed suspended working platforms to cope with the technical restriction caused by the design of buildings. The average rental rate per platform per month for the year ended 31 March 2016 was lower than that for the five months ended 31 August 2016, which was mainly attributable to a major project in Sha Tin of lower rental rate due to its relatively larger scale and the revenue contribution from this project was relatively larger for the year ended 31 March 2016.

(a) *Rent-out rate*

As at 31 August 2016, we maintained over 2,400 motors and other necessary components, which can be assembled into approximately 1,200 temporary suspended working platforms. Details of our platforms available for our rental operations are summarised as follows:

	As at 31 March			As at 31 August					
	2015	2016	2016	2016	2016	2016			
	Available for rent	Rented out	Rent-out rate (Note 1)	Available for rent	Rented out	Rent-out rate (Note 2)	Available for rent	Rented out	Rent-out rate (Note 3)
Number of temporary suspended working platforms	895	760	85.0%	1,224	956	78.1%	1,212	733	60.5%

Notes:

1. Calculation of rent-out rate is based on the number of platforms that were rented out on 31 March 2015 which is then divided by the total number of platforms available for rent on the same day.
2. Calculation of rent-out rate is based on the number of platforms that were rented out on 31 March 2016 which is then divided by the total number of platforms available for rent on the same day.
3. Calculation of rent-out rate is based on the number of platforms that were rented out on 31 August 2016 which is then divided by the total number of platforms available for rent on the same day.

The rent-out rate of our temporary suspended working platforms decreased from approximately 85.0% as at 31 March 2015 to approximately 78.1% as at 31 March 2016, which was due to the expansion of our number of platforms during the year ended 31 March 2016. The rent-out rate declined to 60.5% as at 31 August 2016, which was due to the completion of a major project in Kwun Tong in July 2016 and the platforms were transferred back to our storage and repairing workshop for post-rental inspection and maintenance.

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(b) *Utilisation rate*

The utilisation rate of our platforms during the Track Record Period is summarised as follows:

	For the year ended 31 March				For the five months ended 31 August	
	2015		2016		2016	
	<i>Average number</i> <i>(Note 1)</i>	<i>Utilisation rate</i> <i>(Note 2)</i>	<i>Average number</i> <i>(Note 1)</i>	<i>Utilisation rate</i> <i>(Note 2)</i>	<i>Average number</i> <i>(Note 1)</i>	<i>Utilisation rate</i> <i>(Note 2)</i>
Temporary suspended working platforms	<u>903</u>	<u>70.6%</u>	<u>1,116</u>	<u>79.7%</u>	<u>1,199</u>	<u>77.2%</u>

Notes:

1. Calculation of number of platforms is based on the average number of platforms available for rent during the respective year/period.
2. Calculation of utilisation rate is based on the number of days that the platforms were rented out during the respective year which is then divided by 330 days (360 days minus 30 days, which is the estimated number of days for repair and maintenance). Calculation of utilisation rate for the five months ended 31 August 2016 is based on the number of days that that the temporary suspended working platforms were rented out during the period which is then divided by 137.5 days (150 days minus 12.5 days, which is the estimated number of days for repair and maintenance).

The utilisation rate increased from approximately 70.6% for the year ended 31 March 2015 to approximately 79.7% for the year ended 31 March 2016, which was primarily due to the growth in demand for rental of temporary suspended working platforms. For the five months ended 31 August 2016, the utilisation rate remained stable at approximately 77.2%.

(c) *Average age and remaining useful life*

	As at 31 March				As at 31 August	
	2015		2016		2016	
	<i>Average age</i> <i>(Note 1)</i>	<i>Average remaining useful life</i> <i>(Note 2)</i>	<i>Average age</i> <i>(Note 1)</i>	<i>Average remaining useful life</i> <i>(Note 2)</i>	<i>Average age</i> <i>(Note 1)</i>	<i>Average remaining useful life</i> <i>(Note 2)</i>
Temporary suspended working platforms	8.7	1.3	6.5	3.5	5.0	5.0

Notes:

1. Calculation of average age is based on the average number of years the motors of temporary suspended working platform have been in operation, i.e. from the date of acquisition to the year end date of each accounting period.
2. Calculation of average remaining useful life is based on the estimated useful life of the motors (i.e. 10 years) deducted by the average age.

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For the year ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our Group purchased 70, 800 and 300 units of new motors and other necessary components respectively, with the total purchase cost of approximately HK\$0.6 million, HK\$7.0 million and HK\$2.2 million, respectively. During the same period, our Group also sold 58, 141 and 23 units of used motors respectively, which contributed approximately HK\$1.7 million, HK\$3.7 million and HK\$0.1 million respectively to our Group's revenue.

The decrease in average age during the Track Record Period was mainly due to the purchase of 800 units of new motors and disposal of approximately 140 units of aged motors during the year ended 31 March 2016, as well as the purchase of 300 units of new motors and disposal of 23 units of used motors for the five months ended 31 August 2016.

(d) Breakeven utilisation rate analysis

The table below sets out the details of the cost of services rendered for the rental of temporary suspended working platforms with breakdown by fixed and variable costs during the Track Record Period:

	For the year ended 31 March				For the five months ended 31 August	
	2015		2016		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Fixed cost	6,703	47.7	9,092	53.1	4,001	57.3
Variable cost	<u>7,349</u>	<u>52.3</u>	<u>8,038</u>	<u>46.9</u>	<u>2,980</u>	<u>42.7</u>
Total	<u><u>14,052</u></u>	<u><u>100.0</u></u>	<u><u>17,130</u></u>	<u><u>100.0</u></u>	<u><u>6,981</u></u>	<u><u>100.0</u></u>

During the Track Record Period, the fixed costs for the temporary suspended working platform rental business comprise staff costs, depreciation expense and rental of storage and repairing workshop; while the variable costs mainly include cost of materials consumed and rental of equipment.

For illustration purpose, the table below sets out the breakeven utilisation rates of our temporary suspended working platforms during the Track Record Period:

	For the year ended 31 March		For the five months ended
	2015	2016	31 August 2016
Breakeven utilisation rate of the temporary suspended working platforms (%) (Notes)	24.8	31.1	24.8

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Notes:

1. The breakeven utilisation rate of each year/period of the Track Record Period is calculated based on the actual utilisation rate, revenue, fixed cost and variable cost of the respective year/period with the following formula:

$$\text{Breakeven utilisation rate} = \text{Actual utilisation rate} \times \frac{\text{Fixed cost}}{(\text{Revenue} - \text{Variable cost})}$$

2. At the breakeven utilisation rate, the gross profit of rental of temporary suspended working platforms of the respective year/period would be zero.

The calculation of the breakeven utilisation rate is based on the assumption that the revenue and variable cost of the respective year/period were positively correlated with the utilisation rate of the corresponding year/period.

Our Group recorded a higher breakeven utilisation rate for the year ended 31 March 2016 because the average rental rate per platform per month was lower during the year, a higher utilisation rate is needed in order to cover the fixed cost and achieve the breakeven point.

Permanent suspended working platforms

A permanent suspended working platform is specifically designed for permanent installation on a specific building or structure for the inspection, cleaning and maintenance of the facades. It is also known as a building maintenance unit. It comprises a working platform suspended by wire ropes from a roof rig, a trolley of the monorail fixed to the building, or a roof trolley. The roof rig may be a fixed structure to which a working platform is attached. The working platform may be lifted and lowered and may be traversed and rotated.



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Details of permanent suspended working platforms sold by us during the Track Record Period are summarised as follows:

	For the year ended 31 March		For the five months ended
	2015	2016	31 August 2016
Number sold	17	5	9
Average selling price (HK\$'000)	308	867	210

The decrease in the number of permanent suspended working platforms sold was mainly due to less commercial buildings newly completed in year 2015 according to the Frost & Sullivan Report, resulting in a decrease in demand for our permanent suspended working platforms. However, the average selling price per platform increased because the platforms sold during the year ended 31 March 2016 were generally larger in size. For the five months ended 31 August 2016, nine units of permanent suspended working platforms were sold and their sizes were relatively smaller, which led to the drop in the average selling price.

Other equipment and spare parts

Apart from temporary and permanent suspended working platforms, we also offer tower crane and generators for rental purpose, and motors for sales.

(i) *Tower Crane*



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Tower crane is a mechanical lifting device which is usually fixed to the ground or attached to the side of buildings. Tower cranes provide a combination of height, distance and lifting capacity and are commonly used in the construction of tall buildings. During the years ended 31 March 2015 and 2016, we owned one jointly-owned tower crane. Each of our Group and an independent business partner owns 50% of the jointly owned tower crane. We purchased two tower cranes during the five months ended 31 August 2016, and two more tower cranes subsequently up to the Latest Practicable Date.

Breakeven utilisation rate analysis

During the Track Record Period, our tower crane rental business mainly incurred fixed cost related to the depreciation expense of the tower crane. For illustration purpose, the table below sets out the breakeven utilisation rates of our tower crane during the Track Record Period:

	For the year ended 31 March		For the five months ended
	2015	2016	31 August 2016
Breakeven utilisation rate of the tower crane (%) ^(1, 2)	36.0	44.1	N/A ⁽³⁾

Notes:

1. The breakeven utilisation rate of each year/period of the Track Record Period is calculated based on the actual utilisation rate, revenue, fixed cost and variable cost of the respective year/period with the following formula

$$\text{Breakeven utilisation rate} = \text{Actual utilisation rate} \times \frac{\text{Fixed cost}}{(\text{Revenue} - \text{Variable cost})}$$

2. At the breakeven utilisation rate, the gross profit of rental of tower crane of the respective year would be zero.
3. Given that no revenue from rental of tower crane was recognised for the five months ended 31 August 2016, the actual utilisation rate for the period is not available for calculation of breakeven utilisation rate of tower crane.

The calculation of the breakeven utilisation rate is based on the assumption that the revenue and variable cost of the respective year were positively correlated with the utilisation rate of the corresponding year.

Our Group recorded a higher breakeven utilisation rate for the year ended 31 March 2016 because the average rental rate of the jointly owned tower crane was lower during the year, and a higher utilisation rate is needed in order to cover the fixed cost and achieve the breakeven point. The drop in the average rental rate was mainly due to the increase in age of the jointly-owned tower crane.

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(ii) Generators



Our customers engaging in the construction industry use generators during various stages of their construction projects as the power source of construction equipment. As at 31 August 2016, we possessed nine generators of different power output capacity of 270 KVA and 400 KVA.

(iii) Motors



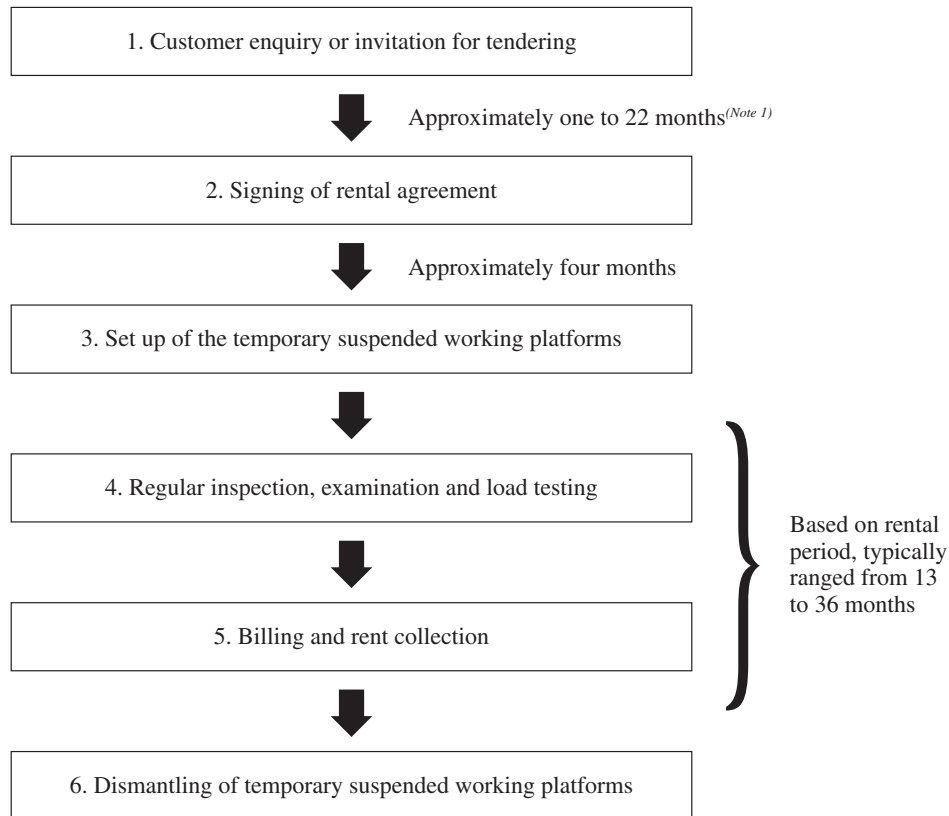
Motor is the power drive of temporary suspended working platform. As at 31 August 2016, we maintained over 2,400 motors which were purchased from suppliers in Europe or China, these motors can be assembled into over 1,200 units of temporary suspended working platforms, and their remaining useful life are approximately five years on average. We sold 222 used and 136 brand new motors mainly to overseas such as Thailand during the Track Record Period.

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OPERATING PROCEDURES

Rental of temporary suspended working platforms

The following is the flow-chart depicting a general operation flow of our business segment in relation to the rental of our temporary suspended working platforms:



Note 1: In some circumstances, our customers requested our quotations once they had successfully bid the construction project tenders, contracts were then signed at a later stage of the project when our platforms are needed, therefore a longer period, up to 22 months, was taken before we finalised the contracts.

The typical process of our rental operations commences from the customer enquiry or invitation for tendering, signing of rental agreement, setting up of the temporary suspended working platforms to the dismantling of temporary suspended working platforms, the duration of which varies according to a number of factors, including the technical features and complexity of the project, the progress of construction of the projects, the timelines specified by the customers and timing of approvals and consents of the quotation and tenders from the customers or relevant government authorities.

1. Customer enquiry or invitation for tendering

Our management team maintains regular contact with our existing customers. Sometimes our potential customers would approach our Group for quotation. Upon their request, we would normally perform a site visit on the construction site before submitting our quotations or tender, where we discuss with them about the project plan, including the number of platforms required and the estimated length of rental period. After gathering all the necessary information, we would

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internally assess the following factors, such as our availability of platforms, sufficiency of manpower and creditworthiness of the customer. Once we were satisfied with the assessment result, depending on our customers’ request, we either send our quotation or submit tender specifying the unit price of every single service item, including monthly or daily rental rate, transportation, installation, inspection and dismantling charge per platform.

Tenders submitted during the Track Record Period

The following table sets out the number of tenders submitted, number of successful projects and our Group’s success rate during the Track Record Period:

	For the year ended 31 March		For the five months ended
	2015	2016	31 August 2016
			<i>(Note 1)</i>
Number of tenders submitted	4	5	Nil
Number of successful projects	2	3	Nil
Success rate (%)	50%	60%	N/A
Revenue from rental contracts obtained through tendering (HK\$’000)	6,801	9,153	5,478
% of total revenue of our Group	15.3%	20.3%	29.1%

Note 1: During the five months ended 31 August 2016, potential customers approached our Group for quotation only. The revenue contribution from contracts obtained through tendering during this period was from the projects previously awarded.

2. *Signing of rental agreement*

Once our customer confirms the rental arrangement, our sales team will finalise and conclude the rental agreement. For details of the rental agreement, please refer to the section headed “Business — Customers — Principle terms of our rental agreements” of this document.

3. *Set up of the temporary suspended working platforms*

Upon signing of the rental agreements, we will plan for the delivery and installation of the platforms at our customers’ construction sites.

BUSINESS

In order to achieve stability of a temporary suspended working platform, we normally use parapet wall clamps to attach the platform to the structure component of the roof of the building.



After installation, a Competent Examiner will inspect the temporary suspended working platforms before commencement of operations. If the inspection is completed with satisfactory results, the Competent Examiner will issue a certificate to the lessee.

Pursuant to the SWPR, we also provide training to the platform operators nominated by our customers, regarding the rules for the use of platform and how to operate it safely. However, hiring of operators is the lessees' own responsibility and is not included in the rental arrangement. During the Track Record Period, we had never provided any operators to our customers. In case the lessee requires the services of operators, we may assist the respective lessee in hiring operators by referring suitable candidates.

4. Regular inspection, examination and load testing

There are statutory requirements governing the testing, examination and inspection of suspended working platform pursuant to the SWPR. Accordingly, we appoint Competent Examiner to perform mandatory examination and load testing on the platforms, while our quality assurance team is responsible to perform mandatory weekly inspection during the rental period. A certificate in an approved form containing a statement to the effect that the suspended working platform is in safe working order is issued afterward.

For major construction projects, we usually offer our customer a technician to be stationed in their construction site, in order to provide technical support in a more efficient manner.

5. Billing and rent collection

We prepare work bill records every month and issue monthly invoices based on such work bill records. Our customers shall pay us within 30 days of the issuance of the invoices.

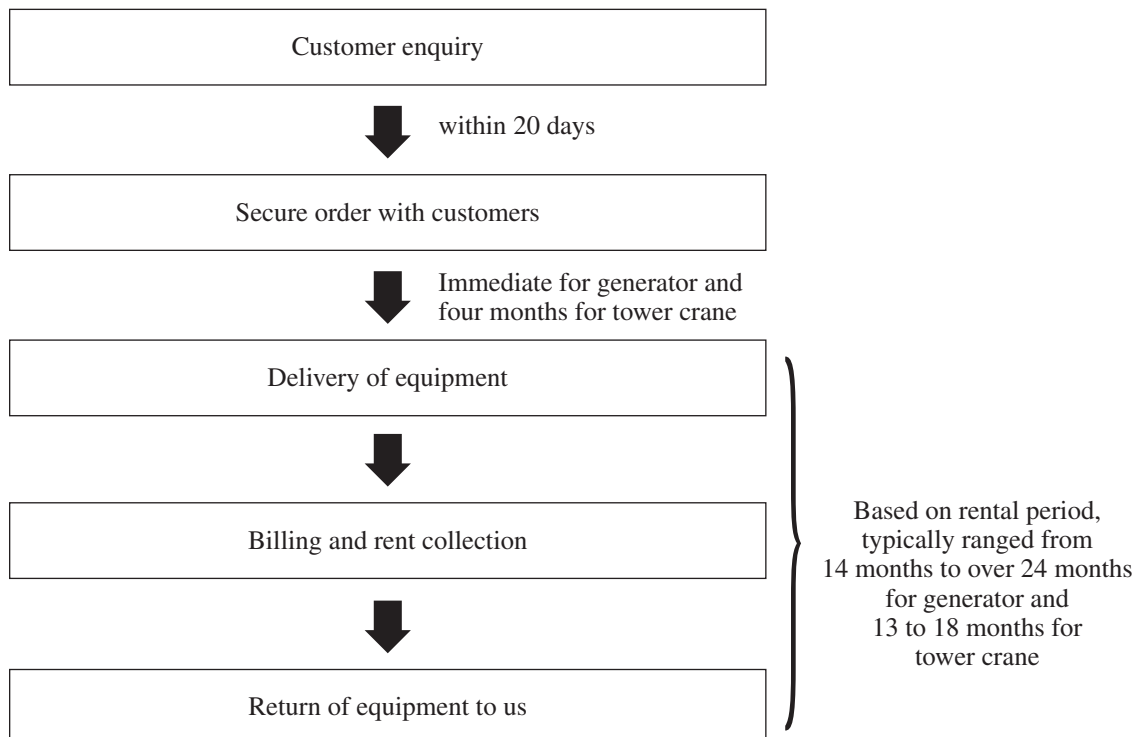
BUSINESS

6. Dismantling of temporary suspended working platform

Upon notification by our customer of termination of rental contract, we will arrange for the dismantling and removal of the platforms from the work site. Similar to the installation process, our technicians primarily perform the dismantling process. The dismantled platforms will be transported to our storage and repairing workshop for maintenance work before deployment to the next work site.

Rental of tower crane and other equipment

The following is the flow-chart depicting a general operation flow of our business segment in relation to the rental of tower crane and other equipment, such as generator:



Our customers would first communicate their request with us and we would offer preliminary advice on the type of equipment suitable for their needs. We would then provide them with a quotation. Once we receive an order confirmation, we will deliver the equipment to the location designated by our customers.

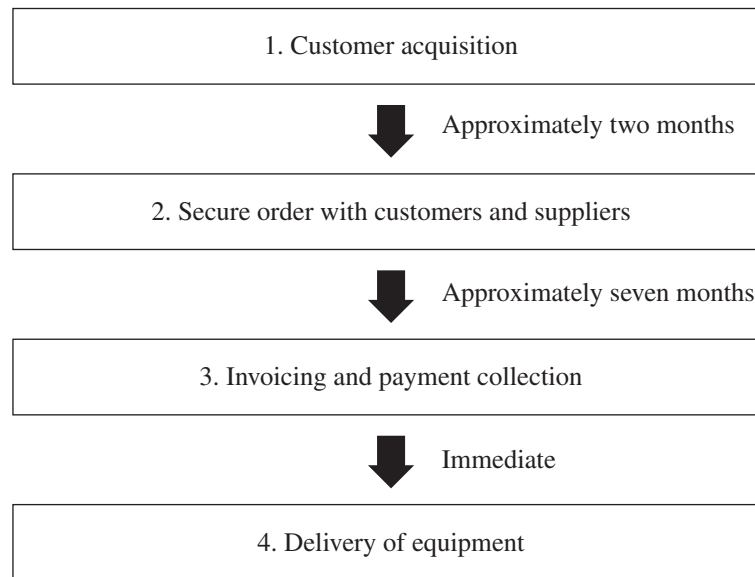
Invoices would be issued monthly. Our customers shall pay us within 30 days of the issuance of the invoices.

We also rent equipment from a third party supplier if the relevant equipment required by our customers is not available from our owned equipment and we in turn rent such equipment to our customers. We believe that this arrangement provides us with great operational flexibility, lighten our capital requirement for purchase of equipment and enable us to expand our source of income.

BUSINESS

Trading of permanent suspended working platform

The following is the flow-chart depicting a general operation flow of our business segment in relation to the trading of equipment:



Our equipment is sold to our customers on an order-by-order basis and the actual lead time depends on a number of factors, such as the quantity of an order, specification of the equipment and the delivery time required by our suppliers and/or specified by our customers.

1. Customer acquisition

For trading of equipment, our sales team would maintain regular contact with our existing customers as well as identify new potential customers, during which the sales team will gather information on the specific needs of buyers and come up with a design proposal.

2. Secure order with customers and suppliers

Upon confirmation of the equipment specifications by our customers, our sales team will place orders with suppliers for equipment. As we normally do not carry any new equipment in our inventory, we order directly from the manufacturers upon payment of deposit of our customers.

Given the relatively large invoice amount involved in trading operations, the management assesses all customers to ensure their credit worthiness. Typically a deposit of up to 20% of the selling price is payable by our customers.

3. Invoicing and payment collection

For trading of equipment, we normally collect a down-payment of 20% of the total purchase price from our customers except for long-term customers with credit account. The remaining balance is payable by cash before delivery.

BUSINESS

4. Delivery of equipment

The whole process from manufacturing of the equipment to delivery to our customer's designated location takes around seven months. Normally, we would regularly monitor the manufacturing progress of our suppliers to ensure timely delivery of the product and conduct quality check before it is shipped to our customers.

Upon the request of our customers, we may arrange the installation works at a designated construction site, where our technicians conduct the assembly and installation works. These services are optional for our customers and installation costs will be included in the selling price as part of the package. After that, we shall appoint a Competent Examiner who will conduct load testing on and thorough examination of the equipment to ensure it is in safe working order.

PRODUCT RETURNS AND WARRANTY

In respect of our trading business, we usually place back-to-back orders upon receipt of orders from our customers and we normally do not accept return of products. However, some suppliers will give us a warranty for such new equipment and we will provide a similar warranty to the relevant customer. In general, our Group provides warranty for new equipment against manufacturing defects for a period up to 16 months.

During the Track Record Period, we have not experienced any product return which has a material impact on our business and operation, and we have not recalled any product due to quality or other issue.

PROJECTS

Our projects refer to projects in respect of the rental of our equipment to our customers. Such projects can be generally categorised into public sector projects or private sector projects.

Public sector projects refer to projects in respect of the rental of our equipment for public housing construction. Private sector projects refer to projects in respect of the rental of our equipment for private housing and commercial building construction. Revenue generated from public sector projects amounted to approximately 30.3%, 50.6% and 66.3% of our total revenue for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, respectively.

BUSINESS

Projects undertaken during the Track Record Period

The following table sets forth a breakdown of the number of projects in respect of our rental services with revenue contribution to us during the Track Record Period by public and private sector projects:

	For the year ended		For the five months ended	
	31 March		31 August	
	2015	2016	2015	2016
Number of projects with revenue contribution to us (<i>Note 1</i>):				
Public sector projects	5	8	7	10
Private sector projects	<u>24</u>	<u>19</u>	<u>12</u>	<u>17</u>
Total	<u><u>29</u></u>	<u><u>27</u></u>	<u><u>19</u></u>	<u><u>27</u></u>

The following table sets forth a breakdown of the amount of revenue recognised during the Track Record Period by public and private sector projects:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue recognised from (<i>Note 2</i>):								
Public sector projects	13,466	44.4	22,764	66.6	7,655	57.1	12,436	78.6
Private sector projects	<u>16,887</u>	<u>55.6</u>	<u>11,441</u>	<u>33.4</u>	<u>5,754</u>	<u>42.9</u>	<u>3,391</u>	<u>21.4</u>
Total	<u><u>30,353</u></u>	<u><u>100.0</u></u>	<u><u>34,205</u></u>	<u><u>100.0</u></u>	<u><u>13,409</u></u>	<u><u>100.0</u></u>	<u><u>15,827</u></u>	<u><u>100.0</u></u>

Notes:

1. Projects with revenue contribution to us in the years ended 31 March 2015 and 2016 and the five months ended 31 August 2015 and 2016 are counted in both financial years/period in the above table. During the Track Record Period, we have undertaken a total of 11 projects in public sector and 44 projects in private sector and no projects undertaken by us were subject to suspension or early termination by our customers.
2. The total amount of revenue in this table does not include revenue generated from trading business.

BUSINESS

The following table sets forth the details of the major projects with revenue contribution to us during the Track Record Period:

Project	Customer	Location	Sector	Type(s) of service/ product involved	Service period	Amount of revenue recognised <i>HK\$'000</i>	% of total revenue of our Group
1	C	Sha Tin ⁽¹⁾	Public	Rental of temporary suspended working platforms and generators	From October 2013 to September 2016	FY2015: 7,280 FY2016: 8,530 For the five months ended 31 August 2016: 1,733	FY2015: 16.4% FY2016: 18.9% For the five months ended 31 August 2016: 9.2%
2	A	Tai Po ⁽¹⁾	Private	Rental of temporary suspended working platforms	From November 2013 to August 2015	FY2015: 10,521 FY2016: 18 For the five months ended 31 August 2016: Nil	FY2015: 23.7% FY2016: 0.0% For the five months ended 31 August 2016: Nil
3	B	Hung Shui Kiu ⁽¹⁾⁽²⁾	Public	Rental of temporary suspended working platforms	From June 2014 to July 2015	FY2015: 4,940 FY2016: 2,030 For the five months ended 31 August 2016: Nil	FY2015: 11.1% FY2016: 4.5% For the five months ended 31 August 2016: Nil
4	B	Kwun Tong ⁽¹⁾⁽²⁾	Public	Rental of temporary suspended working platforms	From March 2015 to July 2016	FY2015: 57 FY2016: 5,908 For the five months ended 31 August 2016: 2,276	FY2015: 0.1% FY2016: 13.1% For the five months ended 31 August 2016: 12.1%
5	B	Kau To Shan	Private	Rental of temporary suspended working platforms and generators	From April 2015 to September 2016	FY2015: Nil FY2016: 5,464 For the five months ended 31 August 2016: 117	FY2015: Nil FY2016: 12.1% For the five months ended 31 August 2016: 0.6%
6	B	Yuen Long ⁽¹⁾	Public	Rental of temporary suspended working platforms	From January 2014 to September 2016	FY2015: 226 FY2016: 3,783 For the five months ended 31 August 2016: 2,353	FY2015: 0.5% FY2016: 8.4% For the five months ended 31 August 2016: 12.5%
7	B	Tung Chung ⁽¹⁾	Public	Rental of temporary suspended working platforms	Since October 2015	FY2015: Nil FY2016: 638 For the five months ended 31 August 2016: 2,878	FY2015: Nil FY2016: 1.4% For the five months ended 31 August 2016: 15.3%
8	A	Sha Tin	Public	Rental of temporary suspended working platforms and generators	Since July 2015	FY2015: Nil FY2016: 920 For the five months ended 31 August 2016: 2,204	FY2015: Nil FY2016: 2.0% For the five months ended 31 August 2016: 11.7%

Notes:

- (1) Project that 200 temporary suspended working platforms or more have been deployed in at least a month for a single construction site
- (2) Actual amounts received by our Group for such projects were less than their estimated contract value by an aggregate sum of approximately HK\$0.2 million due to the modification of the requirements of such projects by our customers during the relevant rental period.

BUSINESS

Project backlog

The following table sets forth the key particulars of our project backlog in respect of our rental services as at the Latest Practicable Date:

Project	Location	Sector	Type(s) of service/product involved	Expected service period	Revenue recognised during the Track Record Period HK\$'000	Revenue to be recognised after the Track Record Period HK\$'000
1	Kau To Shan	Private	Rental of tower cranes and generators	From November 2016 to September 2018	—	9,760
2	Tseung Kwan O	Private	Rental of temporary suspended working platforms	From November 2016 to December 2017	—	5,950
3	Tung Chung	Public	Rental of temporary suspended working platforms	From February 2017 to June 2018	—	5,853
4	Ho Man Tin	Private	Rental of temporary suspended working platforms	From August 2016 to September 2017	38	5,180
5	Tung Chung [#]	Public	Rental of temporary suspended working platforms	From October 2015 to April 2017	3,516	4,932
6	Sha Tin	Public	Rental of temporary suspended working platforms	From July 2015 to February 2017	3,124	1,982
7	Causeway Bay	Private	Rental of temporary suspended working platforms	From November 2016 to August 2017	—	1,448
8	Sham Shui Po	Private	Rental of temporary suspended working platforms	From June 2016 to March 2017	604	1,370
9	Tsuen Wan	Public	Rental of temporary suspended working platforms	From June 2016 to March 2017	263	1,283
10	Tsing Yi	Public	Rental of temporary suspended working platforms	From April 2016 to February 2017	603	936
11	Tsim Sha Tsui	Private	Rental of generators	From March 2016 to March 2018	232	573
12	Sham Shui Po	Public	Rental of temporary suspended working platforms	From February 2017 to March 2018	—	500
13	Kwun Tong	Public	Rental of temporary suspended working platforms	From February 2017 to March 2018	—	450
14	Tseung Kwan O	Private	Rental of generators	From February 2017 to March 2018	—	420
15	Causeway Bay	Private	Rental of temporary suspended working platforms	From June 2016 to April 2017	548	311
16	Wong Tai Sin	Public	Rental of temporary suspended working platforms	From May 2016 to March 2018	55	249
17	Tai Wai	Public	Rental of generators	From July 2015 to December 2017	174	208
18	Kai Tak	Private	Rental of generators	From May 2016 to August 2017	57	204
19	Pok Fu Lam	Private	Rental of temporary suspended working platforms	From March 2016 to March 2018	84	194
20	Kowloon Bay	Private	Rental of temporary suspended working platforms	From January 2016 to December 2016	1,077	173
21	Mong Kok	Private	Rental of temporary suspended working platforms	From May 2016 to March 2017	50	74
22	Tin Shui Wai	Public	Rental of temporary suspended working platforms	From December 2016 to January 2017	—	68
23	Sai Wan	Private	Rental of temporary suspended working platforms	January 2017	—	20
Total					10,425	42,138

[#] Project that 200 temporary suspended working platforms or more have been deployed in at least a month for a single construction site

BUSINESS

The following table sets out a breakdown of revenue to be recognised from the project backlog in respect of our rental services by the expected time of revenue recognition:

	<i>HK\$'000</i>
Revenue expected to be recognised:	
— for the seven months ending 31 March 2017	18,603
— for the year ending 31 March 2018	20,369
— for the year ending 31 March 2019	<u>3,166</u>
 Total	 <u><u>42,138</u></u>

It should be noted that the amount of revenue to be recognised from our project backlog is an indicative figure only, we cannot guarantee that our backlog will be translated into actual revenue or profits. Please refer to the section headed “Risk Factors — Risks relating to our Business — Projected revenue amounts reported in our backlog could fail to result in actual revenue or translate into profits” in this document for more details.

CUSTOMERS

During the Track Record Period, our customers consist of construction companies, owners of commercial properties and trading companies in Hong Kong, as well as overseas suspended working platform companies. We have established long-term relationships with well-established construction companies in Hong Kong, some of which have a business relationship with us for over 10 years. Our management team maintains contacts with our customers regularly to understand their needs and to provide relevant information to support their projects. During the Track Record Period, we provided our products and services to more than 60 customers.

The following table sets forth the revenue by type of customers during the Track Record Period:

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Construction companies	28,279	63.6	32,878	73.0	12,526	67.3	15,259	81.2
Non-construction companies	<u>16,176</u>	<u>36.4</u>	<u>12,139</u>	<u>27.0</u>	<u>6,086</u>	<u>32.7</u>	<u>3,536</u>	<u>18.8</u>
 Total	 <u><u>44,455</u></u>	 <u><u>100.0</u></u>	 <u><u>45,017</u></u>	 <u><u>100.0</u></u>	 <u><u>18,612</u></u>	 <u><u>100.0</u></u>	 <u><u>18,795</u></u>	 <u><u>100.0</u></u>

Construction companies normally engage us for providing temporary suspended working platforms and tower crane, while non-construction companies mainly engage us for providing permanent suspended working platforms and spare parts.

BUSINESS

Principal terms of our rental agreements

Below are some of the generalised terms included in most of our rental agreements:

(a) Scope of services

The rental of temporary suspended working platforms typically specify the unit price of every single service item, including monthly or daily rental rate, transportation, installation, inspection and dismantling charge per platform. Other rental-related services such as equipment operation and safety training, onsite technical support are also charged separately as we need extra manpower for the task.

For the rental of tower cranes, our Group will provide inspection and maintenance service of the cranes to our customers during the rental period.

However, our rental arrangement normally does not include the hiring of platform or tower crane operators, which is the lessees’ own responsibility.

(b) Contractual period

We provide flexible rental periods, generally on a monthly basis, to our customers. In general, our rental agreements do not specify the rental period, except for a minimum rental period of seven days in which the customer is responsible to pay rental charges for the whole of such period even in the event of early termination. Rental periods for our temporary suspended working platforms and tower cranes vary depending on our customer’s needs. The table below sets forth the typical range of and average rental period of our platforms for construction projects and for repair and refurbishment projects during the Track Record Period:

	Rental Period	
	Range (months)	Average (months)
Construction projects	13–36	17
Repair and refurbishment projects	3–19	8

During the Track Record Period, the rental period for our tower crane ranged from 13 to 18 months.

(c) Payments

For rental of our platforms and our wholly-owned tower cranes, the fees and payments received under our rental agreements are based on actual usage. We prepare monthly work bill records every month and issue monthly invoices based on such monthly work bill records. Our customers shall pay us within 30 days of the issuance of the invoices. For rental of the tower crane jointly-owned by us and our business partner, our business partner was responsible for the collection of the relevant fees and payment to us.

BUSINESS

(d) Termination

For rental of our platforms, our customers may at any time terminate the rental agreements by giving us notice, and the notice period ranges from two to seven days. During the Track Record Period, none of our agreements were terminated by reason of material breach by us or liquidation or petition for bankruptcy or winding up of the other party to the agreement.

(e) Insurance

For rental of our platforms, our customers normally supply insurance in relation to our technicians and public liability in the construction site. For rental of our tower cranes, the hirer of our tower crane is generally responsible for contractor's all risk, public liability and employee's compensation insurance during the rental period.

(f) Repair and maintenance

For rental of our platforms and tower cranes, we are responsible for regular maintenance and repair work on the machinery except for the damages caused deliberately or due to gross negligence by the customers.

Five largest customers

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our five largest customers accounted for approximately 71.8%, 78.4% and 85.6% of our total revenue, respectively, and our largest customer accounted for approximately 25.5%, 44.6% and 44.5% of our total revenue for the same period, respectively.

So far as our Directors are aware, none of our Directors, their respective associates or shareholders holding more than 5% of the issued share capital of our Group had any interest in our five largest customers during the Track Record Period.

BUSINESS

The following table sets forth the details of our five largest customers for each of the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016:

For the five months ended 31 August 2016

Customer	Principal business	Approximate years of relationship with us (as at 31 August 2016)	Type(s) of service/product involved	Transaction amount (HK\$'000)	% of total revenue of our Group	Credit period	Settlement method
B ⁽²⁾	Hong Kong-based construction works contractor engaged in building construction and civil engineering industry	18	Rental of temporary suspended working platform	8,355	44.5%	30 days	Cheque
A ⁽¹⁾	Hong Kong-based construction works contractor engaged in various sectors (including building construction, civil engineering, electrical and mechanical services) and has participated in public and private construction projects in Hong Kong, China and overseas	17	Rental of temporary suspended working platform and other equipment	3,302	17.6%	30 days	Cheque
C ⁽³⁾	Hong Kong-based construction works contractor engaged in various sectors (including building construction, civil engineering and foundation work) and has participated in construction projects in Hong Kong, China and overseas	12	Rental of temporary suspended working platform	2,600	13.8%	30 days	Cheque
G	Hong Kong branch of a private permanent suspended working platform manufacturer incorporated in Australia which has participated in construction projects in Hong Kong, China and overseas	8	Sales of permanent suspended working platform and spare parts	929	4.9%	nil	Telegraphic transfer
H ⁽⁵⁾	Hong Kong-based construction works contractor engaged in building construction industry in Hong Kong	10	Rental of temporary suspended working platform and other equipment	903	4.8%	30 days	Cheque

BUSINESS

For the year ended 31 March 2016

Customer	Principal business nature and background	Approximate years of relationship with us (as at 31 August 2016)	Type(s) of service/product involved	Transaction amount (HK\$'000)	% of total revenue of our Group	Credit period	Settlement method
B ⁽²⁾	Hong Kong-based construction works contractor engaged in building construction and civil engineering industry	18	Rental of temporary suspended working platforms and sales of permanent suspended working platform and spare parts	20,080	44.6%	30 days	Cheque
C ⁽³⁾	Hong Kong-based construction works contractor engaged in various sectors (including building construction, civil engineering and foundation work) and has participated in construction projects in Hong Kong, China and overseas	12	Rental of temporary suspended working platforms	8,530	18.9%	30 days	Cheque
A ⁽¹⁾	Hong Kong-based construction works contractor engaged in various sectors (including building construction, civil engineering, electrical and mechanical services) and has participated in public and private construction projects in Hong Kong, China and overseas	17	Rental of temporary suspended working platforms and other equipment	3,121	6.9%	30 days	Cheque
E	Thailand-based private equipment rental service provider and trading company engaged in the sales and rental of suspended working platforms and winches with 20 years of experience in installation of suspended working platforms	14	Sales of spare parts	2,114	4.7%	Nil	Telegraphic transfer
F	Hong Kong-based private minor works contractor engaged in installation of glass curtain walls	1	Rental of temporary suspended working platforms	1,473	3.3%	30 days	Cheque

BUSINESS

For the year ended 31 March 2015

Customer	Principal business nature and background	Approximate years of relationship with us (as at 31 August 2016)	Type(s) of service/product involved	Transaction amount (HK\$'000)	% of total revenue of our Group	Credit period	Settlement method
A ⁽¹⁾	Hong Kong-based construction works contractor engaged in various sectors (including building construction, civil engineering, electrical and mechanical services) and has participated in public and private construction projects in Hong Kong, China and overseas	17	Rental of temporary suspended working platforms and sales of spare parts	11,321	25.5%	30 days	Cheque
B ⁽²⁾	Hong Kong-based construction works contractor engaged in building construction and civil engineering industry	18	Rental and sales of temporary suspended working platforms and sales of other equipment	8,374	18.8%	30 days	Cheque
C ⁽³⁾	Hong Kong-based construction works contractor engaged in various sectors (including building construction, civil engineering and foundation work) and has participated in construction projects in Hong Kong, China and overseas	12	Rental of temporary suspended working platforms and sales of spare parts	7,283	16.4%	30 days	Cheque
D ⁽⁴⁾	Hong Kong-based private trading company engaged in building construction and maintenance sector with business in the sales of suspended working platforms	10	Sales of permanent suspended working platform	2,505	5.6%	7 days	Cheque
E	Thailand-based private equipment rental service provider and trading company engaged in the sales and rental of suspended working platforms and winches with 20 years of experience in installation of suspended working platforms	14	Sales of spare parts	2,467	5.5%	Nil	Telegraphic transfer

BUSINESS

Notes:

- (1) Customer A is a subsidiary of a company which is listed on the Main Board with a market capitalisation of over HK\$2.1 billion as at the Latest Practicable Date. The principal activities of the listed group in which Customer A is a member include building construction and specialist work, civil engineering, and trading and installation of building materials.
- (2) Customer B is a subsidiary of a company which is listed on the Main Board with a market capitalisation of over HK\$2.3 billion as at the Latest Practicable Date. The principal activities of the listed group in which Customer B is a member include building construction, civil engineering and property development and investment.
- (3) Customer C is a subsidiary of a company which is listed on the Main Board with a market capitalisation of over HK\$59.0 billion as at the Latest Practicable Date, which is in turn a member of a group listed on the Shanghai Stock Exchange. The principal activities of the listed group in Hong Kong in which Customer C is a member include construction business, project consultancy services and infrastructure project investments.
- (4) Customer D is a member of a group companies established in Hong Kong for over a century with various business lines including consumer products, beverage, automotive and industrial products and services.
- (5) Customer H is a subsidiary of a company which is listed on the Main Board with a market capitalisation of over HK\$1.4 billion as at the Latest Practicable Date. The principal activities of the listed group in which Customer H is a member include property construction, property development and trading of building materials and property investment.

Pricing policy

For our rental services of temporary suspended working platforms and tower crane, we normally charge our customers a fixed rental price. The pricing policy for our rental services primarily depends on the prevailing market rates. Our rental fees are formulated according to the latest market situation. The factors for determining our rental fees include (i) the costs of the temporary suspended working platforms and tower crane; (ii) labor cost; (iii) length of the rental period; (iv) working condition of the site; and (v) competition from other service providers.

The table below sets forth the range of and average rental price per temporary suspended working platform per month for construction projects and for repair and refurbishment projects during the Track Record Period:

	Rental Price	
	Range <i>(HK\$)</i>	Average <i>(HK\$)</i>
Construction projects	1,710–46,710	3,360
Repair and refurbishment projects	6,260–103,250	15,260

For our trading of permanent suspended working platforms, we charge our customers on a cost-plus basis, while some of the factors that we take into account for our pricing policy for our rental business also applies. With reference to purchase costs, we adjust our sale price in order to maintain a healthy profit margin. During the Track Record Period, the selling price of our permanent suspended working platforms ranged from approximately HK\$0.1 million to HK\$2.4 million. Such range of selling prices was mainly due to the models, origins and specifications of the permanent suspended working platforms.

BUSINESS

Credit policy and payment methods

Our Group adopts a standardised credit policy to our customers and our finance and accounting team is responsible for revising our credit policy and monitoring subsequent settlement of the trade receivables from time to time.

For our rental services of temporary suspended working platforms and tower cranes, we generally grant to our customers a credit period of 30 days. The length of the credit period we grant to our customers is determined by reference to the internal credit rating of our customers.

For our trading of permanent suspended working platforms, we usually charge 20% of the trading price as deposit before we place order with the manufacturers or other suppliers and arrange for delivery. We normally do not grant any credit period to these customers and we demand payment in full upon delivery of the equipment ordered. Our invoices are mainly denominated in Hong Kong dollars and they are generally settled by way of cheque.

Our Directors regularly assess the collectibility of our trade receivables on a case-by-case basis to determine if any provision for trade receivables is necessary. Our Director’s assessment is based on, among other things, the evaluation of collectibility, ageing analysis of the receivables, the ultimate realisation of these outstandings, the current creditworthiness, the past collection history of and our Group’s current and potential future business relationship with each customer. If the financial conditions of any of our Group’s customer deteriorate, resulting in an impairment of their ability to make payments, provision for trade receivables may be required. Our Directors reassess the provision for trade receivables each month.

During the Track Record Period, we had recorded long overdue trade receivables from a number of customers, for which impairment loss on those receivables has been made in accordance with our Group’s policy. For further details of the analysis, please refer to the section headed “Financial Information — Analysis of selected combined statement of financial position items — Trade receivables” in this document.

SALES AND MARKETING

Marketing

We manage good working relationships with our existing customers through proven past projects and on-going interactions. When new construction projects are awarded to them, we will be approached to provide quotations on the rental price of our platforms. Through this solid channel, we were awarded contracts directly from customers by way of invitation letters, phone calls or verbal invitation.

Our Directors consider that our proven track record and ability to deliver products and services of satisfactory quality sufficiently help us retain our existing customers and attract new customers, hence we did not conduct any marketing or promotional activity during the Track Record Period.

BUSINESS

SUPPLIERS

During the Track Record Period, our suppliers mainly included components and equipment suppliers, many of which were located in Europe, the PRC and Hong Kong.

We have maintained a list of approved suppliers for materials, components and plant and equipment and we generally only procure our materials, components and plant and equipment from such suppliers. We will assess the overall performances of potential suppliers, including product quality, timeliness of delivery, job references and reputation in the industry to be included in our list of approved suppliers for materials, plant and equipment and such assessment will also be conducted on an annual basis to ensure that we have maintained a reasonably diversified base of reliable suppliers which offer competitive prices. As at 31 August 2016, there were approximately 50 suppliers included in our approved list of suppliers. Generally, we select our suppliers from our approved list of suppliers based on their prices, quality, past performances and capacity.

We generally did not enter into long-term supply contracts with our suppliers. We usually obtained quotations from our suppliers setting out the terms and conditions of individual transaction, such as price, payment terms and delivery schedule prior to the confirmation of the relevant orders. Our Directors are of the view that the arrangement is common within the industry.

Our suppliers normally issue an invoice to us before the delivery of materials, components and equipment. The credit periods granted by our suppliers to us range from 0 day to 90 days from the invoice date, depending on a number of factors including the type of equipment purchased, the transaction value and our relationship with the suppliers. We normally settle the payment in Renminbi, Euro or Hong Kong dollars by way of telegraphic transfer or cheque.

We believe that because of our well-established relationship with our major suppliers, we have not experienced any material shortage or delay of supply. We have not been subject to material price increases by our suppliers during the Track Record Period, and we believe that in the event of price increases, we have the ability to respond to a portion of the price increase by raising the prices of our products.

BUSINESS

The following table sets forth the details of our five largest suppliers for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016:

For the five months ended 31 August 2016

Supplier	Principal business nature	Type(s) of service/product involved	Approximate years of relationship with us (as at 31 August 2016)	Transaction amount (HK\$'000)	% of total purchase of our Group	Credit period	Settlement method
YongMao Machinery (HK) Co., Ltd.	Hong Kong-based trader of tower crane	Purchase of tower cranes	Less than 1	5,800	58.9%	Nil	Cheque
JiangYin LuDa Machinery Manufacturing Co., Ltd.	Chinese manufacturer of suspended working platforms	Purchase of temporary suspended working platforms	3	1,682	17.1%	Nil	Telegraphic transfer
D	Spanish manufacturer of permanent suspended working platforms	Purchase of permanent suspended working platforms	1	307	3.1%	Nil	Telegraphic transfer
E	Hong Kong-based construction machinery inspection service provider	Inspection service of temporary suspended working platforms	2	299	3.0%	15 days	Cheque
C	Hong Kong-based trader of container and ironware	Purchase of components of temporary suspended working platforms	14	172	1.7%	Nil	Cheque

For the year ended 31 March 2016

Supplier	Principal business nature	Type(s) of service/product involved	Approximate years of relationship with us (as at 31 August 2016)	Transaction amount (HK\$'000)	% of total purchase of our Group	Credit period	Settlement method
JiangYin LuDa Machinery Manufacturing Co., Ltd.	Chinese manufacturer of suspended working platforms	Purchase of temporary suspended working platforms	3	5,794	35.9%	Nil	Telegraphic transfer
Beijing Century Yong-an Science and Technology Development Co. Ltd.	Chinese manufacturer of suspended working platforms	Purchase of permanent suspended working platforms	6	2,779	17.2%	Nil	Telegraphic transfer
C	Hong Kong-based trader of container and ironware	Purchase of components of temporary suspended working platforms	14	1,374	8.5%	Nil	Cheque
Power Climber B.V.B.A.	Belgian manufacturer of equipment	Purchase of permanent suspended working platforms	18	950	5.9%	90 days	Telegraphic transfer
B	Hong Kong-based equipment rental service provider	Rental of generators	3	521	3.2%	Nil	Cheque

BUSINESS

For the year ended 31 March 2015

Supplier	Principal business nature	Type(s) of service/product involved	Approximate years of relationship with us (as at 31 August 2016)	Transaction amount (HK\$'000)	% of total purchase of our Group	Credit period	Settlement method
GEDA Dechentreiter GmbH & Co. KG	German manufacturer of suspended working platforms	Purchase of permanent suspended working platforms	8	2,687	20.0%	Nil	Telegraphic transfer
JiangYin LuDa Machinery Manufacturing Co., Ltd.	Chinese manufacturer of suspended working platforms	Purchase of temporary suspended working platforms	3	1,579	11.7%	Nil	Telegraphic transfer
A	Hong Kong-based construction machinery service provider	Rental of temporary suspended working platforms	2	1,276	9.5%	30 days	Cheque
B	Hong Kong-based equipment rental service provider	Rental of generators	3	1,204	8.9%	Nil	Cheque
Power Climber B.V.B.A.	Belgian manufacturer of equipment	Purchase of permanent suspended working platforms	18	728	5.4%	90 days	Telegraphic transfer

We developed close business relationship with our five largest suppliers during the Track Record Period, which have business relationship with us for up to 18 years and we are not reliant on any single supplier. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our five largest suppliers, all of which are Independent Third Parties, accounted for approximately 55.5%, 70.7% and 83.8% of our total purchase, respectively, and our largest supplier accounted for approximately 20.0%, 35.9% and 58.9% of our total purchase for the same period, respectively.

None of our Directors or any of their respective associates or any Shareholder (who or which will own more than 5% of the issued share capital of our Company immediately following completion of the [REDACTED] and the Capitalisation Issue) had any interest in any of the aforementioned five largest suppliers of our Group during the Track Record Period.

INVENTORY AND COST MANAGEMENT

Inventory management

Our inventory primarily consists of equipment held for trading purpose.

Back-to-back orders are usually placed for equipment and spare part transactions. In general, we do not carry any equipment and spare parts as inventory, and we make order to manufacturers and other suppliers as soon as we receive order from our customers. Upon request received from customers, we would check with the suppliers for the relevant quotation and the availability of supplies. We normally collect from our customers 20% of the total purchase price as down payment prior to the placing of purchase order and the remaining balance would be payable by cash before delivery.

BUSINESS

Under the circumstances that the construction site is not ready for installation of permanent suspended working platforms as at the agreed delivery date, we would store the equipment temporarily in our workshop upon further notice by our customer. In such case, we would closely monitor the schedule of the construction project and deliver the products as soon as possible.

Cost management

With the practice of back-to-back orders under our trading of equipment and spare parts, we are able to shift any change of purchase costs prior to placing of order and delivery to our customers. For equipment rental business, we prepared fee quotation to our customers taking into account of our equipment purchase cost and labor cost. Therefore, our pricing policy would reflect the equipment and labor cost fluctuation and pass on the increase in costs to our customers.

For the impact of hypothetical fluctuation in staff costs on our profit and total comprehensive income for the Track Record Period, please refer to the sensitivity analysis under the section headed “Financial information — Factors affecting financial condition and results of operations of our Group — Employee and staff costs” in this document.

SEASONALITY

Based on our past experience, there is no seasonality for our machinery rental and trading operations as construction projects are conducted year-round due to stable climate in Hong Kong construction industry. As there are a lot of ongoing and potential housing construction and maintenance projects in Hong Kong, our Directors expect that the prosperity of this industry will continue to grow.

QUALITY CONTROL

Our Directors consider that the ability to maintain the quality of our services is crucial to the long term growth of our Group.

Our quality control measures are implemented by our quality assurance team comprising of five quality assurance officers, two of which are Competent Person under the SWPR. Our quality assurance officers are responsible for formulating and implementing systematic quality control policies and standard operating procedures integrated into our operational processes in order to maximise the overall quality consistency of our services. They also oversee, in general, compliance of the quality control policies and procedures of our Group.

Our quality control policy mainly includes the following processes: (i) incoming quality control; (ii) inspection during the rental period; (iii) machinery and equipment management; and (iv) post-rental inspection.

Incoming quality control

We generally purchase materials, suspended working platforms and spare parts only from our list of approved suppliers. We select our suppliers based on stringent criteria including quality, technical support and service quality, and their reputation in the industry. For further information, please see the sub-section “Business — Suppliers”.

BUSINESS

We conduct inspection and relevant testing on the incoming equipment to ensure that the equipment is in satisfactory condition and fully functional before we accept delivery from the suppliers.

Inspection during rental period

After installing our suspended working platforms, our Group is required to follow closely the Code of Practice for safe use and operation of suspended working platforms issued by the Commissioner for Labour in accordance with Section 7A of the FIU Ordinance. These measures comprise:

Seven days inspection

- Every seven days, our quality assurance team, who are also Competent Person, inspects a suspended working platform. A certificate in the form of Form 1 ("Certificate of weekly inspections of suspended working platform") should be obtained from the Competent Person after such inspection;

Six months inspection

- A Competent Examiner appointed by us should thoroughly examine a suspended working platform during the preceding six months before it is put into use. A certificate in the form of Form 2 ("Certificate of thorough examination of suspended working platform") should be obtained from the Competent Examiner to certify that the platform is in safe working order;

12 months inspection

- A Competent Examiner should conduct load testing on and through examination of a suspended working platform during the preceding 12 months before it is put into use. A certificate in the form of Form 3 ("Certificate of load test and thorough examination of suspended working platform") should be obtained from the Competent Examiner to certify that the platform is in safe working order;

Inspection after installation or repositioning

- A Competent Examiner must conduct load testing on and through examination of a suspended working platform before it is put into use after installation or repositioning. All certificates, including Form 1, 2 and 3, should be obtained from Competent Examiner or Competent Person, as the case may be, to certify that the platform is in safe working order.

Accordingly, our platforms are inspected weekly by our quality assurance team, examined every six months by a Competent Examiner, and load tested and thoroughly examined by a Competent Examiner annually or every time after we finished installing or repositioning of the platforms.

Our business partner is responsible for handling the inspection and maintenance works of the jointly owned tower crane. For our wholly owned tower cranes, we will carry out weekly inspection and perform thorough annual examination. For the generators, we normally perform regular maintenance works after every 5,000 hours of engine operation.

BUSINESS

Post-rental inspection

After the rental period, we conduct post-rental inspection and maintenance works on the platforms and tower cranes before deployment to the next work site.

During the Track Record Period and up to the Latest Practicable Date, there was no incident of failure of our quality control systems which had a material impact on our business operations.

ENVIRONMENTAL MATTERS

As we focus on rental and trading services relating to suspended working platforms, we are not subject to any significant environment laws and regulations in Hong Kong, except as disclosed in the section headed “Regulatory overview” in this document. Our customers’ site management is responsible for compliance with the relevant environmental regulations. During the Track Record Period, we were not subject to any major environmental claims, lawsuits, penalties or disciplinary actions.

OCCUPATIONAL HEALTH AND WORK SAFETY

We have established safety procedures to reduce risks arising from our operations. As part of our emphasis on occupational health and work safety, we provide necessary protective gears to our technicians working in our workshop or on-site, including safety helmets, safety goggles and gloves, which they are required to wear. Our technicians are also required to receive safety induction training before they commence work. Safety rules and policies adopted by our Group are posted on conspicuous notice boards and all personnel are required to follow. Any staff who breaches such rules will be subject to internal disciplinary actions.

Due to the nature of works in construction sites, risks of accidents or injuries to workers are inherent, for those who work in our customer’s construction site, they are required to follow closely the relevant laws, regulations and codes in Hong Kong, which mainly include: (i) requirement in performing routine checking on all platforms in use; (ii) requirement to wear safety helmets, footwear and glove when working in construction site; (iii) requirement to wear safety belt when working in the platform.

Our management is responsible for maintaining our safety management system by (i) establishing and continually reviewing our safety rules and policies and assessing how well they are being implemented; (ii) reviewing reports of major accidents and incidents and statistics to identify trends and monitor safety performance; (iii) reviewing arrangement, adequacy and effectiveness of safety training; and (iv) reviewing changes to relevant laws and regulations and codes on safety issues.

BUSINESS

Accident and fatality rates

For each of the two years ended 31 March 2016 and the five months ended 31 August 2016, the accident rate on our projects related to our rental services was nil, 2.6 and nil accidents for every 1,000 workers, respectively. Our accident rate equals the number of accidents (including fractures and other injuries) during the relevant year or period divided by the annual average number of workers on our projects related to our rental services. Furthermore, during the Track Record Period, our Group recorded no fatal injuries on our projects related to our rental services. A table showing our Group’s lost time injuries frequency rates (“**LTIFR(s)**”)^(Note) is set out below:

For the year ended 31 March 2015	Nil
For the year ended 31 March 2016	10.3
For the five months ended 31 August 2016	Nil

Note: LTIFR is a frequency rate that shows the amount of lost time injuries occurred over a specified time (e.g. per 1,000,000 hours) worked in a period. The LTIFRs shown above are calculated by multiplying the number of lost time injuries of our Group happened during the relevant period by 1,000,000 and then dividing by the total labour hours worked by our workers over the same period. Assuming that the working hour of each worker is 10 hours per day, the number of working days for each of the two years ended 31 March 2016 and the five months ended 31 August 2016 were approximately 300 days, 300 days and 125 days respectively.

The table below summarises the accident rate per 1,000 workers of the construction industry in Hong Kong for the three years ended 31 December 2015:

	2013	2014	2015
Accident Rate/1,000 Workers	40.8	41.9	39.1

Source: Labour Department, Hong Kong

Based on the above information, our Directors consider that the accident rates on our projects related to our rental operation during the Track Record Period were far below the comparable figures for the construction industry in Hong Kong. Given that the limited number of accidents which occurred during the Track Record Period were one-off incidents under which our Group had fully complied with relevant laws, rules and regulations relating to health and safety and there was no material misconduct involved, our Directors consider that our Group does not have any material occupational health and work safety issue.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any fatal accidents on construction sites for which our rental operation may be related to and we may be responsible for. We are also not aware of any removal, suspension, downgrading or demotion of the qualifications or licences obtained or held by us. Notwithstanding the aforesaid, our employees may be involved in accidents caused by common workplace issues resulting in injuries from time to time given the nature of our operations. For more details, please refer to the sub-section headed “Legal Proceedings” in this section. During the Track Record Period and up to the Latest Practicable Date, no fatal accidents which then led to claims and litigations were recorded.

BUSINESS

COMPETITION

According to the Frost & Sullivan Report, we are the leading temporary suspended working platform rental service provider in Hong Kong in 2015 in terms of the revenue generated from the rental of temporary suspended working platforms. The industry was rather concentrated in 2015 and three largest players occupied 57.5% of the total market share in Hong Kong.

Hong Kong’s tower crane leasing market consists of dozens of private companies. One of the key market players in the industry is a subsidiary of a listed company in Hong Kong. Typical revenue of the key market players ranged from HK\$5.0 million to HK\$20.0 million per year.

Our Directors consider that there are entry barriers which hinder new players from entering into the industry. Such entry barriers include (i) ability to customise the temporary suspended working platform; (ii) connection with downstream market participants; (iii) integrated services; and (iv) operation experiences and management capability details of which are described in the paragraph headed “Industry Overview — Entry barriers of temporary suspended working platform market in Hong Kong” in this document.

Our Directors consider that our Group is in a competitive position in the industry in view of the reputation that we have built up over the years, our good business relationships with our major suppliers and our major customers and our product quality.

Details of our Group’s competitive strengths are set out in the sub-section headed “Business — Competitive strengths” in this document.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, our Group was the registrant of one domain name and had registered a trademark in Hong Kong.

Detailed information of our intellectual property rights is set out in the paragraph headed “B. Further information about the business of our Group — 2. Intellectual property rights” in Appendix IV to this document.

Our Directors confirmed that we had not experienced any infringement to our intellectual property during the Track Record Period which had a material adverse effect on our business, results of operations, financial condition and prospects. Our Directors further confirmed that we had not received any infringement claims nor had we filed any infringement claims against any third parties during the Track Record Period and up to the Latest Practicable Date.

PROPERTY

As at the Latest Practicable Date, we did not own any real property and we leased portions of Lot Nos. 1162, 1163, 1164, 1166, 1167, 1168, 1064, 1065 and 1145 all in Demarcation District No. 111, Pat Heung, Hong Kong (the “**Leased Property**”) with an aggregate gross floor area of approximately 58,000 square feet from an Independent Third Party (the “**Landlord**”) as our open storage of equipment and repairing workshop. The term of the tenancy agreement is from 1 January 2016 to 31 December 2017.

BUSINESS

Out of the nine lots of land forming the Leased Property, Lot Nos. 1145 and 1166 are owned by one registered owner ("**Registered Owner 1**"), Lot Nos. 1064, 1065, 1162, 1163, 1167 and 1168 are owned by another registered owner ("**Registered Owner 2**"), whereas Lot No. 1164 is owned by another different registered owner ("**Registered Owner 3**"). The Landlord is allowed (i) by Registered Owner 1 to sub-let the whole or portion of Lot Nos. 1145 and 1166; and (ii) by Registered Owner 2 to sub-let the whole or portion of Lot Nos. 1064, 1065, 1162, 1163, 1167 and 1168. As advised by our HK Legal Advisers, whether the Landlord is allowed by Registered Owner 3 to let or sub-let portion of Lot No. 1164 (the "**Relevant Lot**") to us is in doubt. If the Landlord is found not to be the agent of Registered Owner 3 or otherwise duly authorised by Registered Owner 3 to enter into the tenancy agreement to let or sub-let the Relevant Lot to us, we may be liable to allegation(s) of trespassing by Registered Owner 3 or other relevant parties, who might evict us from the Relevant Lot and claim a maximum amount of approximately HK\$0.82 million (which is calculated based on open market rental of the Leased Property as at 31 March 2016 and the approximate gross floor areas of the Leased Property and the Relevant Lot). Our HK Legal Advisers have also advised that in the event the aforesaid action(s) are taken by Registered Owner 3 or other relevant parties, our Group could make a claim against the Landlord on the ground of misrepresentation that the Landlord has the right or is allowed to let the Relevant Lot to us. The gross floor area of the Relevant Lot is approximately 2,830 square feet, representing approximately 4.9% of the aggregate gross floor area of the Leased Property. As confirmed by our Directors, most of our operations at the Leased Property are conducted at Lot No. 1166. Since the Relevant Lot is a small area near the entrance, our Directors consider that no material adverse impact on the business operations of our Group would be resulted even if our tenancy arrangement in respect of the Relevant Lot is disrupted. As at the Latest Practicable Date, our Directors confirmed that they have identified a few alternative sites at comparable terms in the New Territories, and if we are required to be vacated from the Relevant Lot and intend to move to another premises of comparable size, our Directors expect the relocation cost be approximately HK\$0.5 million, and it would take around two weeks for such relocation.

In this regard, Hing Gut, Mr. H.K. Tang and Ms. Au, each being our Controlling Shareholder, collectively as the indemnifiers, have entered into the Deed of Indemnity in favour of our Company, under which the indemnifiers jointly and severally covenant and undertake with our Company to indemnify our Group in relation to any liability of our Group and the relocation cost which may be incurred by our Group in relation to any claim of trespassing which may be initiated by Registered Owner 3 or other relevant parties as a result of our use of the Relevant Lot.

Under the relevant government lease, the Leased Property shall not be used for noisy, noisome or offensive trade or business, and shall not be converted into use for building purposes (except for agricultural occupation). The Leased Property is located within an area zoned for "open storage" in the relevant outline zoning plan under the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong). The usage of the Leased Property does not contravene any restrictions on usage under the relevant government lease or the laws and regulations in respect of zoning or town planning in Hong Kong.

We did not have significant difficulties in renewing our tenancy agreement in a timely manner during the Track Record Period.

BUSINESS

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our Group’s interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of the properties held or leased by us has a carrying amount of 15% or more of our combined total assets.

INSURANCE

In relation to our provision of rental and related services of temporary suspended working platforms and other equipment, our customers, which are construction companies that are the main contractors or subcontractors of the relevant projects, are generally responsible for contractors’ all risks, public liability and employees’ compensation insurance during the relevant rental period, which is explicitly provided for in the relevant rental agreements entered into between our customers and us. According to sections 40(1B) and 40(1E)(d) of the Employees’ Compensation Ordinance (“ECO”) (Chapter 282 of the Laws of Hong Kong), where a principal contractor (which means a person contracts with a subcontractor for the execution by or under the subcontractor of the whole or any part of any work undertaken by the principal contractor as defined under section 24 of the ECO) has taken out an insurance policy as required, the main contractors as well as the subcontractors insured under such policy shall be regarded as having complied with section 40(1) of the ECO in relation to the requirement of taking out insurance policies for employer’s liabilities in respect of work injuries. We therefore generally do not take out separate insurance policies but rely on the insurance policies taken out and maintained by our customers. Moreover, we do not insure our rental equipment because our Directors consider that the costs of insurance coverage are too high for us to justify the benefits of maintaining such insurance coverage.

On the other hand, our Group has insurance cover for its liabilities under employees’ compensation and personal injury claims which meets the statutory insurance coverage. Our Group considers such insurance coverage being generally sufficient for its liabilities under employees’ compensation claims and personal injuries actions.

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our insurance expenses were approximately HK\$0.5 million, HK\$0.5 million and HK\$0.3 million respectively. Taking into account the prevailing industry practice and our current operations, our Directors believe that our current insurance coverage is adequate and consistent with the industry norm. For risks associated with our insurance coverage, see “Risk Factors — Risks relating to our business — The nature of our business exposes us to various liability claims which may exceed the scope or level of our insurance coverage and thereby not fully protect us, or not be covered by our insurance at all, and this could have a material adverse effect on our operating performance” in this document.

Our Directors have confirmed that we were not subject to any material insurance claims or liabilities arising from our operation during the Track Record Period.

BUSINESS

RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, we did not engage in any research and development activity. We, however, remain attentive to and keep abreast of the latest development and trend in construction machinery through our management team.

LICENCES AND PERMITS

Our Directors confirmed that our Group have obtained all necessary licences, approvals and permits that are material to our business, all of which are valid and current, and we have been in compliance with the applicable laws and regulations in Hong Kong since our commencement of business operations in all material respects. The details of the licences and permits currently held by our Group for our business are as follows:

Name of licence/ permit	Granting/ registration authority	Major works permitted	Date of grant	Expiry Date (where applicable)
Certificate of registration of electrical contractor	Electrical and Mechanical Services Department of Hong Kong	Carrying out electrical work within Hong Kong	22 April 2016	1 June 2019
Registered Subcontractor	Construction Industry Council	Tendering and carrying out of public works sub-contracts encompassing electrical works and Building Maintenance Unit	26 August 2016	25 August 2018

As we had not experienced any refusal of renewal of any licences necessary for our business during the Track Record Period and up to the Latest Practicable Date, our Directors believe that we should not encounter any difficulties in obtaining the renewal of any licences in the future.

BUSINESS

RISK MANAGEMENT

In the course of conducting our business, we are exposed to various types of risks, including credit risks, operational risks and market risks, the details of which have been disclosed under the section headed “Risk factors” in this document. In addition, we also face various financial risks. Please refer to the section headed “Financial Information — Quantitative and qualitative disclosure of market risks” of this document for further details.

We have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. The following table sets out some of the primary operational risks our business faces and our risk management measures and procedures:

A Credit risk

Our Group is exposed to credit risk in relation to the collectability of our trade receivables, which will cause a financial loss to our Group due to failure to discharge the payment obligation by the counterparties. Trade receivable ageing report is reviewed by our directors on a monthly basis. Where the receivable balances are unsettled within the agreed credit terms, it will be classified as overdue.

In order to mitigate the credit risks that we are exposed to in relation to the collectability of trade receivables, we have adopted credit risk management policies to review and monitor our trade receivables from time to time, including reviewing the payment history and records of our customers and conducting internet search against new customers. To deal with material overdue payments, we have adopted procedures which include (i) close monitoring of material overdue payments; (ii) evaluation of the risk level based on our relationship with relevant customer, its payment history and financial position; and (iii) designing of appropriate follow-up actions (for example, making phone calls, issuing demand letters, visiting customer’s office and initiating legal proceedings or actions).

B Operational risk

Due to the nature of works in construction sites, risks of accidents or injuries to workers are inherent. Our Group is exposed to operational risk in relation to litigious claims and reputation damage arising from construction accidents involving our suspended working platforms.

To minimise the risk, we have established experienced quality assurance team to conduct inspection and relevant testing on the incoming equipment to ensure our equipment is in satisfactory condition and fully functional before we accept delivery from suppliers. Our quality assurance team or Competent Examiners appointed by us conduct regular inspection and examination of the platforms during the rental period.

C Market risk

Our Group is exposed to general market risks related to changes in macroeconomic environment and Hong Kong government’s future plan in building construction. Our Directors are responsible for monitoring activities in the market to identify and assess the potential risks and from time to time formulate policies to mitigate these market risks.

BUSINESS

On-going measures to implement the risk management policies

In order to continuously improve our Group’s internal control and risk management system upon [REDACTED], our Group has established an on-going process for identifying, evaluating and managing the significant risks faced by our Group. The key procedures that our Group has established and implemented are summarised as follows:

- segregating duties and functions of the respective operational departments of our Group;
- reviewing systems and procedures to identify, measure, manage and control risks; and
- updating the staff handbook, internal control manual and compliance manual where there are changes to business environment or regulatory guidelines.

We will continuously monitor and improve our risk management measures to ensure that effective operation of those measures is in line with the growth of our business.

TAXATION

Our Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. In general, we are chargeable to tax on all assessable profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. Other than such corporate profits tax, our Group is not subject to any other taxes under Hong Kong tax laws. The corporate profits tax rate of Hong Kong was 16.5% during the Track Record Period. For further details please refer to the paragraph headed “Financial Information — Tax Liabilities” in this document.

EMPLOYEES

Our Group had a total of 30, 41 and 44 full-time employees as at 31 March 2015 and 2016 and 31 August 2016, respectively. A breakdown of our full-time employees by function as at 31 March 2015 and 2016 and 31 August 2016 is set forth below.

	As at 31 March		As at
	2015	2016	31 August
			2016
Management and administration	3	4	4
Sales and marketing	2	2	2
Finance	1	2	4
Technician	21	28	30
Quality assurance	3	5	4
	30	41	44

BUSINESS

Relationship with staff

We maintain good working relationships with our staff. Our Directors believe that our working environment and benefits offered to our employees have contributed to good staff relations and retention. During the Track Record Period, we did not experience any strike or labour dispute with our staff which had a material effect on our business or results of operations.

Employee compensation insurance

Our Group maintains employee compensation insurance for all our employees as required under the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) and other applicable laws and regulations in Hong Kong. Our Directors consider that our employee compensation insurance coverage is sufficient and in line with the normal commercial practice in Hong Kong.

Recruitment policies and training

Our Group intends to use our best effort to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with our business development. With the aim to encourage our employees to continuously develop themselves by further education, we provide our employees with on-the-job training relevant to their current roles in our Group. We value our employees as our assets in which we invest our resources in order for them to make a greater contribution to our success. During the Track Record Period, we had not experienced any material difficulties in recruiting new staff.

Remuneration

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, the remuneration payable to our employees, which included fees, salaries, retirement benefit, scheme contributions and other benefits, was approximately HK\$7.8 million, HK\$10.9 million and HK\$4.9 million, respectively. We determine the employee’s remuneration based on factors such as qualification, duty, contributions and years of experience. We provide a defined contribution to the mandatory provident fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. The key principles of the remuneration policy are to remunerate employees in a manner that is market competitive. We regularly carry out staff evaluation to assess their performance.

Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme in which certain eligible participants may be granted options to acquire Shares. Our Directors believe that the Share Option Scheme will assist in our recruitment and retention of quality executives and employees. A summary of the principal terms of the Share Option Scheme is set out in the sub-section headed “D. Share option scheme” in Appendix IV to this document.

BUSINESS

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, save as disclosed below, we had not been involved in any litigation, claim, administrative action or arbitration which had a material adverse effect on the operations or financial condition of our Group.

Potential claims and legal proceedings against our Group

An employee who is injured in the course of his employment may be entitled to damages claimed under (i) the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the “ECO”); and (ii) common law personal injury if the injury is caused to an employee by the negligence, breach of statutory duty or other wrongful act or omission of the employer. During the Track Record Period and up to the Latest Practicable Date, there were two reported cases of personal injury suffered by two of our employees. The details of which are set out below:

	Date of the incident	Particulars of the incident	Status	Amount/Estimated quantum of damages
1.	27 June 2015	It was purported that the employee (the “ First Claimant ”) suffered from back injury whilst carrying some iron blocks for storage purpose.	<p>A claim under the ECO for compensation was filed by the First Claimant in August 2016 and the first hearing has been fixed in March 2017.</p> <p>A statement of claim and a statement of damages were filed by the First Claimant and served on our Group on 22 November 2016. According to the statement of damages, the total amount of damages sought is HK\$3,289,351 plus interest. A defence was also filed by our Group and served on the First Claimant on 28 December 2016.</p>	In the event that we are liable to pay damages to the First Claimant, our Directors are of the view that having considered the total claimed amount stated in the statement of damages filed by the First Claimant, the amount of claim will be sufficiently covered by the insurance maintained by our Group with an insurance coverage of HK\$100 million per any one event.

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Date of the incident	Particulars of the incident	Status	Amount/Estimated quantum of damages
2. Around late March 2016	It was purported that the employee (the "Second Claimant") injured his left middle finger whilst carrying out maintenance work or suspended working platform with a hammer.	We received a notification of accident from the Second Claimant's solicitors in June 2016 and subsequently an enquiry letter from the Labour Department in the same month. After replying to the enquiries, we were informed by the Labour Department in July 2016 that they had doubt on such incident and would conduct investigation by obtaining further information from the Second Claimant and his medical reports from the relevant hospital or clinic. Up to the Latest Practicable Date, there had been no further update from the Labour Department.	Since this injury is a relatively less severe one, in the event that we are liable to pay damages to the Second Claimant, our Directors are of the view that the amount of claim will be sufficiently covered by the insurance maintained by our Group with an insurance coverage of HK\$100 million per any one event.

COMPLIANCE

Save as disclosed below, our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, our Group had complied with all applicable Hong Kong laws and regulations for our business activities and operations in all material aspects.

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Non-compliance with the IRO

During the Track Record Period, our Group had inadvertently breached the IRO. Details of the historical non-compliance incidents are set out in the table below:

Relevant section of the IRO	Particulars of the non-compliance	Reason for the non-compliance	Remedial actions	Estimated/actual fine/penalty
Non-compliance with section 52(4) of the IRO	Failure to submit the notice (Form IR56E) regarding the commencement of employment of all employees (based on our Group’s records kept for the recent seven years, a total of 59 employees of our Group were involved) which is required to be filed within three months after the commencement of employment of such employee until April 2016.	The breaches were not wilful and were due to the inadvertent oversight of the administrative staff responsible for employee records who were not familiar with such legal requirements under the IRO. ^(Note)	Upon inquiry with the Inland Revenue Department in May 2016 by calling the general enquiry hotline of the Inland Revenue Department, we were informed that the outstanding Form IR56E was not required to be submitted since the relevant employer’s return of remuneration & pensions (Form IR56B) had been submitted. ^(Note) After ascertaining the relevant legal requirements under the IRO and adopting the enhanced compliance measures, all the Forms IR56E for all employees of our Group who commenced employment since April 2016 have been duly filed with the IRD and there has not been any recurrence of similar types of non-compliances.	Under the IRO, the maximum penalty for each offence is HK\$10,000. Accordingly, the maximum penalty which may be imposed on our Group in respect of such non-compliance would unlikely be more than HK\$590,000 in aggregate. As advised by our Legal Counsel, such offence under the IRO is minor and technical in nature, the chance of prosecution of such non-compliance is remote and even if there is any prosecution, the chance of maximum sentence being imposed is remote upon successful conviction(s) (if any).

Note: Despite that our Group has failed to submit Forms IR56E to the IRD, our Group has filed the Form IR56B annually which contained, among other things, the identity, employment period and salary of each of the employees employed by our Group during each of the assessment years, allowing the IRD to be fully informed of the employment affairs of our Group and to compute the tax payable by our Group and the relevant employees respectively. Our Directors confirmed that our Group has not received any complaint or notice from the IRD that the Forms IR56B submitted by our Group contained any incomplete or inaccurate information.

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Relevant section of the IRO	Particulars of the non-compliance	Reason for the non-compliance	Remedial actions	Estimated/actual fine/penalty
Non-compliance with section 52(5) of the IRO	Failure to submit the notice (Form IR56F) regarding the cessation of employment of all employees (based on our Group’s records kept for the recent seven years, a total of 59 employees were involved) which is required to be filed within one month before the expected date of departure of such employee until April 2016.	The breaches were not wilful and were due to the inadvertent oversight of the administrative staff responsible for employee records who were not familiar with such legal requirements under the IRO. ^(Note)	<p>Upon inquiry with the Inland Revenue Department in May 2016 by calling the general enquiry hotline of the Inland Revenue Department, we were informed that the outstanding Form IR56F was not required to be submitted since the relevant employer’s return of remuneration & pensions (Form IR56B) had been submitted.^(Note)</p> <p>After ascertaining the relevant legal requirements under the IRO and adopting the enhanced compliance measures, all the Forms IR56F for all employees of our Group who ceased to be employed since April 2016 have been duly filed with the IRD and there has not been any recurrence of similar types of non-compliances.</p>	Under the IRO, the maximum penalty for each offence is HK\$10,000. Accordingly, the maximum penalty which may be imposed on our Group in respect of such non-compliance would unlikely be more than HK\$590,000 in aggregate. As advised by our Legal Counsel, such offence under the IRO is minor and technical in nature, the change of prosecution of such non-compliance is remote and even if there is any prosecution, the chance of maximum sentence being imposed is remote upon successful conviction(s) (if any).

Note: Despite that our Group has failed to submit Forms IR56F to the IRD, our Group has filed the Form IR56B annually which contained, among other things, the identity, employment period and salary of each of the employees employed by our Group during each of the assessment years, allowing the IRD to be fully informed of the employment affairs of our Group and to compute the tax payable by our Group and the relevant employees respectively. Our Directors confirmed that our Group has not received any complaint or notice from the IRD that the Forms IR56B submitted by our Group contained any incomplete or inaccurate information.

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Relevant section of the IRO	Particulars of the non-compliance	Reason for the non-compliance	Remedial actions	Estimated/actual fine/penalty
Non-compliance with section 51 of the IRO	The tax returns and computations of Hing Ming for the years of assessment 2013/14 and 2014/15 previously filed with the IRD contained certain errors or omissions. For further details, please refer to the paragraph headed “Financial Information — Tax liabilities” in this document.	<p>The breaches were not wilful and were due to the inadvertent oversight of the accounting staff responsible for the preparation of the statutory financial statements.</p> <p>BDO Limited and BDO Tax Limited were newly appointed as the auditor and the tax representative of Hing Ming for the year ended 31 March 2015, respectively. When preparing the 2014/15 statutory accounts of Hing Ming, prior year adjustments were made for the accounting errors in its 2013/14 accounts and certain financial figures were restated. As a result of the above-mentioned adjustments, potential adjustments on the assessable profit of 2013/14 were identified and Hing Ming had instructed BDO Tax Limited to notify the IRD in November 2015 regarding the possible revision in the tax computation of 2013/14. Subsequently, with the assistance from the newly appointed financial controller, in preparing the revised tax computation for 2013/14, Hing Ming further found that it has understated its offshore income for 2014/15.</p>	Our Group has made a voluntary filing of revised profits tax computation for the years of assessment 2013/14 and 2014/15 to the IRD on 14 June 2016. As at the Latest Practicable Date, IRD is still in the process of reviewing the information and documents submitted by the Company’s subsidiary and has been requesting further information and supporting documents in relation to the revised profits tax computations.	<p>BDO Tax Limited opines that in all circumstances of the case and in particular the absence of clear evidence of our Group’s intention to evade tax, the IRD may consider the case as “recklessness” in determining the penalty loading. Under section 80 and 82A of the IRO, the potential tax penalty would be in the range of HK\$44,377 (HK\$443,776 x 10%) plus interest to HK\$199,699 (HK\$443,776 x 45%).</p> <p>As advised by our Legal Counsel, having considered the penalty policy of the IRD, offences which do not involve wilful evasion of tax will be dealt with administratively. Since our Group has made a voluntary filing of the revised profits tax computation, our Legal Counsel is of the view that the IRD will deal with it by compound in lieu of prosecution and assessment of additional tax.</p>

During the Track Record Period and up to the Latest Practicable Date, there had not been any prosecution initiated against our Group or our officers, nor had any of them been subject to any fine or penalty relating to the non-compliance incidents. Based on (i) the nature and reasons of the historical non-compliance incidents; (ii) views of our Legal Counsel and BDO Tax Limited set forth above in respect of such non-compliance; and (iii) all remedial actions and relevant enhanced internal control measures that have been implemented, our Directors believe that none of the non-compliance matters mentioned above will have any material adverse effect on our business, financial conditions and results of operations.

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Deed of Indemnity

Our Controlling Shareholders have entered into the Deed of Indemnity in favour of our Group to provide indemnities on a joint and several basis in respect of, among other matters, all claims, payments, suits, damages, settlements, payments, fines, actions, liabilities and any associated costs and expenses which may be incurred or suffered by our Group directly or indirectly, from or on the basis of or in connection with any litigation, arbitration and/or legal proceedings against any member of our Group which was issued and/or accrued and/or arising from any act, non-performance, omission or otherwise of any member of our Group occurred at any time on or before the [REDACTED]. This further protects our Group from any material adverse consequence due to any claims incurred on or before the [REDACTED]. Further details of the Deed of Indemnity are set out in the paragraph headed “E. Other information — tax and other indemnities” in Appendix IV to this document.

Our Directors are satisfied that our Controlling Shareholders have sufficient financial resources to honour their obligations to provide indemnities pursuant to the Deed of Indemnity. Our Directors, after carrying out enquiries on the facts and circumstances leading to the non-compliances, considered that the non-compliances have no material financial and operational impact on our Group.

Corporate governance measures to ensure on-going compliance with applicable laws and regulations

Our Group has taken the following measures to ensure on-going compliance with various applicable laws and regulations:

- (a) We engaged an internal control consultant to review our Group’s internal control systems and procedures in February 2016, and further engaged the consultant in June 2016 to review the remedial internal controls implemented related to previous non-compliance incidents. We have adopted or will adopt measures and policies to enhance our internal control systems before the [REDACTED] and to ensure that our operations will be in full compliance with the applicable laws and regulations.
- (b) A memorandum entitled “Overview of Duties of Directors of Companies Listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited” prepared by the HK Legal Advisers, setting out, among other things, the ongoing regulatory requirements of our Directors after the [REDACTED], had been distributed to and reviewed by our Directors in May 2016.
- (c) Our Directors and senior management had attended a training session conducted by the HK Legal Advisers in May 2016 on the on-going obligations and duties of directors of a publicly listed company, including among others, sessions on connected transactions, codes of corporate governance, dealing in securities, disclosure of inside information and notifiable transactions.
- (d) Our Company has appointed Mr. Chan Kam Man, a Certified Public Accountant, as our financial controller and company secretary on 1 April 2016, who is responsible for the financial and secretarial matters of our Group. With respect to the accounting errors made in preparing the statutory financial statements, details of which are contained in the paragraph headed “Financial Information — Tax liabilities” in this document, the Directors consider

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that it was mainly due to the inadvertent oversight of the accounting staff responsible for the preparation of the statutory financial statements. Given that Mr. Chan has more than 30 years of experience in accounting, auditing and company secretarial matters, which garnered him expertise and experience in preparing financial information in compliance with the Hong Kong Financial Reporting Standards, and preventing the reoccurrence of similar errors in future.

- (e) An audit committee has been established to review the internal control systems and procedures for compliance with the requirements of the GEM Listing Rules.
- (f) Our Company has appointed Mr. M.H. Tang as our compliance officer to ensure the compliance of our operation with the relevant laws and regulations.
- (g) Our Company has appointed CLC International as our compliance adviser to advise on compliance matters in accordance with the GEM Listing Rules.

Our Directors are of the view that the internal control measures adopted by our Group are adequate and effective in reducing the risk of future non-compliance with legal and regulatory requirements in Hong Kong.

Suitability of our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules

In respect of the non-compliances of failing to submit the relevant notices to the IRD regarding the commencement and cessation of employment of all employees of our Group, our Directors confirmed that (i) such non-compliances by our Group did not affect the amount of tax collected by the IRD; and (ii) none of the employees of our Group has suffered any loss from such non-compliances. Further, such non-compliances did not involve any fraudulency or dishonesty on the part of our Directors or impugn on their integrity or competence. Our Directors, immediately after becoming aware of such non-compliances, have taken all practicable actions to remedy and prevent the recurrence of the non-compliances, including (i) making inquiry with the IRD to confirm if all the outstanding forms should be filed; (ii) seeking advice from our Legal Counsel; (iii) engaging an internal control consultant to review our Group's internal control systems; (iv) appointing Mr. M.H. Tang, who was admitted as a lawyer in Australia and an associate member of CPA Australia, and is one of our executive Directors, as the compliance officer to ensure the compliance of the operation of our Group with the relevant laws and regulations; and (v) appointing CLC International as the compliance adviser to advise on compliance matters in accordance with the GEM Listing Rules upon the [REDACTED]. Such non-compliances are not recurrent in nature. After ascertaining the relevant legal requirements under the IRO and adopting the enhanced measures, there has not been any recurrence of similar types of non-compliances. There is no indication that our Directors lack the ability or willingness to operate the business in a fully compliant manner. Our Directors are of the view that such non-compliances do not affect their competence and suitability to act as directors of a listed issuer under Rules 5.01 and 5.02 of the GEM Listing Rules.

In respect of the non-compliances of the filing of incorrect or incomplete tax returns and computations for the years of assessment 2013/14 and 2014/15, our Directors consider that such non-compliances were isolated cases and did not involve any fraudulency or dishonesty on the part of our Directors or impugn on their integrity or competence. Our Directors, immediately after becoming aware of such non-compliances, have taken all practicable actions to remedy and prevent the recurrence of

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such non-compliances, including (i) the voluntary filing of revised tax computations for the years of assessment 2013/14 and 2014/15; (ii) engaging an internal control consultant to review our Group's internal control systems; (iii) appointing Mr. M.H. Tang, who was admitted as a lawyer in Australia and an associate member of CPA Australia, and is one of our executive Directors, as the compliance officer to ensure the compliance of the operation of our Group with the relevant laws and regulations; (iv) appointing a qualified accountant to oversee the accounting function of our Group; and (v) appointing CLC International as the compliance adviser to advise on compliance matters in accordance with the GEM Listing Rules upon the [REDACTED]. Such non-compliances are not recurrent in nature. There is no indication that our Directors lack the ability or willingness to operate our business in a fully compliant manner. Our Directors are of the view that such non-compliances do not affect their competence and suitability to act as directors of a listed issuer under Rules 5.01 and 5.02 of the GEM Listing Rules.

Having considered the facts and circumstances leading to the non-compliance incidents and the internal control measures to avoid recurrence of these non-compliances, particularly the following:

- (i) our Directors did not obtain any personal benefits, directly or indirectly, from the non-compliance incidents. The past non-compliance incidents are not related to the character of our Directors and do not raise any concern on their integrity as such incidents did not involve any fraudulent or dishonest acts by our Directors;
- (ii) the failure to submit notices to IRD was due to the inadvertent oversight of administrative staff, who was not familiar with this legal requirements under IRO, and the filing of incorrect or incomplete tax returns was due to inadvertent oversight of accounting staff, who lacked technical competence in accountancy. These non-compliances should not be taken as conclusive evidence regarding the competence of our Directors as directors of a listed company;
- (iii) as soon as our Directors were made aware of the occurrence of the non-compliance incidents, they immediately proceeded to rectify the non-compliance incidents at the first opportunity to the extent applicable;
- (iv) our Group has engaged an internal control consultant to review its internal control systems and has adopted and implemented the specific enhanced internal control measures against each of its historical non-compliance incidents in order to prevent re-occurrence of those incidents in the future;
- (v) no similar non-compliance incidents had occurred since the implementation of the enhanced internal control measures up to the Latest Practicable Date; and
- (vi) the non-compliance incidents were individually and collectively not material, and did not and will not have any significant financial and operational impact on our Group;

our Directors are of the view, and the Sole Sponsor concurred with our Directors' view, that (a) the non-compliance incidents do not have any material impact on the competence and suitability of our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules; and (b) the remedial measures implemented by our Company are adequate and effective.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Upon the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), our Company will be held as to [REDACTED] by Hing Gut. Hing Gut is an investment holding company incorporated in the BVI with limited liability and is owned as to 90% by Mr. H.K. Tang and 10% by Ms. Au. As Mr. H.K. Tang and Ms. Au are spouses, under the SFO, Ms. Au will be deemed to be interested in the shares held by Mr. H.K. Tang. As (i) Hing Gut will be entitled to exercise 30% or more of the voting power at general meetings of our Company; (ii) Mr. H.K. Tang controls Hing Gut (and hence Hing Gut’s voting interests in our Company) by virtue of holding more than 50% of the voting interests of Hing Gut; and (iii) Mr. H.K. Tang and Ms. Au are spouses, Hing Gut, Mr. H.K. Tang and Ms. Au will be regarded as a group of Controlling Shareholders upon the [REDACTED]. For more information relating to Mr. H.K. Tang and Ms. Au, please refer to the section headed “Directors and Senior Management — Directors” in this document.

RULE 11.04 OF THE GEM LISTING RULES

Each of our Directors, our Controlling Shareholders, our substantial shareholders and their respective close associates does not have any interest in any business apart from our Group’s business which competes or may compete, directly or indirectly, with our Group’s business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the [REDACTED] based on the following reasons:

Management Independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group’s business. The main function of our Board includes the approval of our overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Group.

Our Board consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. Mr. H.K. Tang is an executive Director whereas Ms. Au is a non-executive Director.

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

We have an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies. Our Directors are satisfied that our senior management team will be able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as vendors, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates.

Our Directors confirmed that our Group will not enter into any transaction with our connected persons and their close associates after the [REDACTED] that will affect our operational independence. Our Directors are of the view there is no operational dependence on our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has our own accounting systems, accounting and finance personnel, independent treasury function for cash receipts and payment and we make financial decisions according to our own business needs. Our accounting and finance personnel are responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns. During the Track Record Period, Mr. H.K. Tang and Ms. Au, being our Controlling Shareholders, had provided personal guarantees in respect of certain credit facilities provided by financial institutions to our Group. We have obtained consents from the relevant financial institutions in respect of the release and replacement of the personal guarantees provided by Mr. H.K. Tang and Ms. Au by the corporate guarantee to be provided by our Company for the aforesaid credit facilities upon the [REDACTED].

Our Directors are of the opinion that, taking into consideration the financial resources presently available to our Group, including internal resources and the estimated [REDACTED] from the [REDACTED], our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this document, without dependence on our Controlling Shareholders and their respective close associates. Our Directors further believe that, upon the [REDACTED], our Group will be capable of obtaining financing from external sources independently without the support of our Controlling Shareholders and their respective close associates.

Independence of Major Suppliers

Our Directors confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Independence of Major Customers

Our Directors confirmed that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders as covenantors (each a “**Covenantor**”, collectively, the “**Covenantors**”) executed the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries).

1. Non-competition

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the [REDACTED] and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be [REDACTED] on GEM; (ii) the date on which the Covenantors cease to be a Controlling Shareholder; or (iii) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of our Company:

He/She/It will not, and will use his/her/its best endeavours to procure any Covenantor, his/her/its close associates (collectively, the “**Controlled Persons**”) and any company(ies) directly or indirectly controlled by the Covenantor (the “**Controlled Company(ies)**”) not to, either on his/her/its own or in conjunction with any person, body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, for profit or not, among other things, carry on, participate in, hold, engage in, be interested in, acquire or operate (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise), or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business or activity which, directly or indirectly, competes or may compete with the business carried on or contemplated to be carried on by our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the business of (i) rental of temporary suspended working platforms and other equipment; and (ii) trading of equipment and spare parts, such as permanent suspended working platforms, motors and wire rope (the “**Restricted Business**”).

The Deed of Non-Competition does not apply if the Controlled Person(s) and Controlled Company in aggregate own any interest not exceeding five per cent. of the issued shares in any company conducting any Restricted Business (the “**Relevant Company**”), and the Relevant Company is listed on any recognised stock exchange (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of our subsidiaries, provided that (i) the shareholding of any one holder (and his/her/its close associate, if applicable) in the Relevant Company is more than that of the Controlled Person(s) and the Controlled Company in aggregate at any time; (ii) the total number of the relevant Covenantors’ representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his/her/its shareholding in the Relevant Company; and (iii) the Covenantors and/or their

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

respective close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of the Relevant Company or otherwise participate in or be involved in the management of the Relevant Company.

2. New business opportunity

If any Covenantor and/or any Controlled Company is offered or becomes aware of any business opportunity which directly or indirectly engages in or owns a Restricted Business (the "**New Business Opportunity**"):

- (a) he/she/it shall within 10 days notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable us to make an informed assessment of such opportunity; and
- (b) he/she/it shall not, and shall procure that his/her/its Controlled Persons or Controlled Company not to, invest or participate in any project and New Business Opportunity, unless such project or New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/her/its Controlled Persons or Controlled Company invest or participate in are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the "**Non-acceptance Notice**"); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

Pursuant to the Deed of Non-Competition, any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not be counted towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity.

Our Board (including our independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor or Controlled Company or whether or not the New Business Opportunity constitutes competition with the Restricted Business and such decisions will be made by our Board (including our independent non-executive Directors). The factors that will be taken into consideration by our Board in making the decision include whether it is in line with the overall interests of our Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, each of the Covenantors jointly and severally, unconditionally and irrevocably undertakes that he/she/it will:

- (a) in case of any actual or potential conflict of interest, abstain from attending and voting at any meeting or part of any meeting convened to consider any New Business Opportunity (unless their attendance is specifically requested by our non-interested Directors), and shall not be counted towards the quorum for such meeting;
- (b) as required by our Company, provide all information necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (c) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it and, where applicable, the reason(s) why any New Business Opportunity referred to our Company by our Controlling Shareholders was not taken up;
- (d) ensure that our independent non-executive Directors shall make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and
- (e) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Stock Exchange granting the [REDACTED] of, and the permission to deal in, the Shares, as described in this document, and (b) the [REDACTED] and dealings in the Shares on GEM taking place.

The Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or may compete with the business of our Group.

FUTURE PLANS AND [REDACTED]

BUSINESS OBJECTIVES AND STRATEGIES

For detail, please refer to the section headed “Business — Business strategies” in this document.

IMPLEMENTATION PLAN

In pursuance of the above business objectives, the implementation plans of our Group are set forth below for each of the six-month periods until 31 March 2019. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to the paragraph headed “Bases and Assumptions” in this section below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk Factors” in this document.

For the period from the Latest Practicable Date to 31 March 2017

Business strategies	Implementation activities	Source of funding
To strengthen our market position in the suspended working platform industry	— Purchase 200 units of motors and other necessary components	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
To capture the market demand of rental services of tower crane	— Purchase two units of tower cranes	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
	— Recruit one mechanical engineer to resolve technical issues, two general technicians to perform repair and maintenance and one salesperson to solicit orders	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]

For the six months ending 30 September 2017

Business strategies	Implementation activities	Source of funding
To strengthen our market position in the suspended working platform industry	— Purchase 500 units of motors and other necessary components	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
To capture the market demand of rental services of tower crane	— Purchase four units of tower cranes	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
	— Retain talented and experienced personnel	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]

FUTURE PLANS AND [REDACTED]

For the six months ending 31 March 2018

Business strategies	Implementation activities	Source of funding
To strengthen our market position in the suspended working platform industry	— Purchase 200 units of motors and other necessary components	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
To capture the market demand of rental services of tower crane	— Purchase two units of tower cranes	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
	— Retain talented and experienced personnel	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]

For the six months ending 30 September 2018

Business strategies	Implementation activities	Source of funding
To strengthen our market position in the suspended working platform industry	— Purchase 200 units of motors and other necessary components	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
To capture the market demand of rental services of tower crane	— Purchase one unit of tower crane	To be funded by internal resource and [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
	— Recruit and retain talented and experienced personnel	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]

For the six months ending 31 March 2019

Business strategies	Implementation activities	Source of funding
To strengthen our market position in the suspended working platform industry	— Purchase 200 units of motors and other necessary components	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
To capture the market demand of rental services of tower crane	— Purchase two units of tower cranes	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]
	— Retain talented and experienced personnel	To be funded by [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED]

FUTURE PLANS AND [REDACTED]

BASES AND ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no change in the funding requirement for each of our future plans described in this document from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- the [REDACTED] will be completed in accordance with and as described in the section headed “Structure and Conditions of the [REDACTED]” in this document;
- our Group will be able to retain key staff in the management and the main operational departments;
- there will be no significant changes in our Group’s business relationships with our major customers;
- our Group will be able to continue its operation in substantially the same manner as our Group has been operating during the Track Record Period and our Group will also be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out under the section headed “Risk factors” in this document.

REASONS FOR THE [REDACTED]

Our Directors believe that the [REDACTED] of our Shares on GEM will enhance our corporate profile, recognition and reinforce our awareness and image among both our existing and potential customers and provide our Group with additional capital to implement the future plans set out in the paragraph headed “Implementation plan” in this section above. It would also generate reassurance among our existing customers and suppliers and strengthen our leading position in the temporary suspended working platform market. It would also convince our suppliers to grant us better terms.

FUTURE PLANS AND [REDACTED]

Prior to [REDACTED], funding of our business activities was primarily from our internally generated cash flow and bank borrowing. We believe that upon [REDACTED], our Group can broaden not only our equity financing alternatives to cover public investors but could also enable us to seek bank financing at more favourable terms to finance our future business needs.

We also consider that a [REDACTED] status may offer our Company a broader shareholder base which could potentially lead to a more liquid market in the trading of the Shares. With the appointment of our independent non-executive Directors, we also believe our internal control and corporate governance practices will be enhanced following the [REDACTED].

Despite the fact that our Group declared a dividend of HK\$8.0 million during the Track Record Period and possessed a cash balance of approximately HK\$18.0 million as at 31 August 2016, it is still insufficient to achieve our Group's business strategies, which comprise (a) continuing to strengthen our market position in the industry by replacement of our existing temporary suspended working platforms and (b) diversifying our income stream and capturing the market demand of rental services of tower crane. According to the Frost & Sullivan Report, the leasing market for temporary suspended working platforms in Hong Kong is expected to increase with a CAGR of 3.9% from 2015 to 2020 and the tower crane leasing market is also expected to increase with a CAGR of 4.6% from 2015 to 2020. Our Directors therefore consider that our Group's business is sustainable with steady growth. By implementing the above strategies, we would strengthen our market position and increase our participation in various stages of construction works. We believe that there is an immediate need for our Group to obtain funds and the [REDACTED] is the most suitable way to facilitate the implementation of our Group's business strategies.

Moreover, the declared dividend of HK\$8.0 million only accounted for approximately 40.7% of the retained earnings (before dividend) as at 31 March 2015 and the dividend served as an incentive for the then shareholders, our Directors consider that the dividend declared during the Track Record Period was reasonable.

Apart from [REDACTED] of our Shares on GEM, our Directors have considered various fund raising options for our expansion plans, including debt financing and investor introduction. During the Track Record Period, our Group's bank borrowings amounted to approximately HK\$7.0 million, HK\$15.7 million and HK\$13.6 million as at 31 March 2015 and 2016 and 31 August 2016, respectively. Our Directors consider that debt financing may incur additional interests and thus impose further financial burden on our Group in the long run. Our Directors also consider that our Group may encounter difficulty in obtaining further bank borrowings since our bank borrowings as at 31 August 2016 had already exceeded 60% of the valuation of the pledged assets. In the course of considering the debt financing, our Group has approached three financial institutions to obtain further bank borrowings. However, given the non-[REDACTED] status of our Company and the existing level of bank borrowings, none of the financial institution can provide sufficient amounts to our Group. Furthermore, debt financing may subject our Group to lengthy due diligence review and negotiations with the banks in respect of a private company. Our Directors have also considered inviting potential investors to invest in our Group. However, a relatively deep discount to the net asset value per Share is necessary to induce the potential investors to invest in our Group, which is considered not to be in the interest of our Shareholders.

Based on the above, our Directors believe that the [REDACTED] will be a more suitable fund-raising means to provide our Group with readily available fund for our business strategies.

FUTURE PLANS AND [REDACTED]

[REDACTED]

We estimate that the aggregate [REDACTED] of the [REDACTED] (after deducting [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED]) based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) will be approximately HK\$[REDACTED], assuming that the [REDACTED] is not exercised at all. We currently intend to apply such [REDACTED] in the following manner:

- (i) Approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK\$[REDACTED], will be used to strengthen our market position in the suspended working platform industry;
- (ii) Approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK\$[REDACTED], will be used to capture the market demand of rental services of tower crane;
- (iii) Approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK\$[REDACTED], will be used as general working capital.

For the period from the Latest Practicable Date to 31 March 2019, our [REDACTED] from the [REDACTED] will be used as follows:

	From the Latest Practicable Date to 31 March 2017 <i>HK\$'million</i>	For the six months ending 30 September 2017 <i>HK\$'million</i>	For the six months ending 31 March 2018 <i>HK\$'million</i>	For the six months ending 30 September 2018 <i>HK\$'million</i>	For the six months ending 31 March 2019 <i>HK\$'million</i>	Total <i>HK\$'million</i>	Approximate percentage
Strengthen our market position in the suspended working platform industry	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Capture the market demand of rental services of tower crane	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

The [REDACTED] from the issue of the [REDACTED] will be approximately [REDACTED]% utilised by 31 March 2019 and approximately [REDACTED]% will be used as working capital and funding for other general corporate purposes according to our current business plans.

If the [REDACTED] is set at the high-end of the indicative [REDACTED] range at HK\$[REDACTED] per [REDACTED], the [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED]. If the [REDACTED] is set at the low-end of the indicative [REDACTED] range, at HK\$[REDACTED] per [REDACTED], the [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED]. If the [REDACTED] is finally determined to be less than HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED]), our Group will reduce the proposed use of [REDACTED] on a pro rata basis and will finance such shortfall by internal cash resources, working capital and/or other financing, as and when appropriate. If the [REDACTED] is finally determined to be more than HK\$[REDACTED], our Group

FUTURE PLANS AND [REDACTED]

will apply the additional [REDACTED] to the above purposes in the same proportions as set out above. In the event the [REDACTED] is exercised in full, the [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED]. Under such circumstances, we will adjust our allocation of the [REDACTED] in the same proportion as set out above.

To the extent that the [REDACTED] from the [REDACTED] are not immediately required for the above purposes, it is the present intention of our Directors that such [REDACTED] will be placed as short-term deposits with authorised banks and/or financial institutions in Hong Kong. Our Directors consider that the [REDACTED] from the [REDACTED] together with the internal resources of our Group will be sufficient to finance the implementation of our Group’s business plans as set out in the paragraph headed “Implementation plan” in this section of this document.

Investors should be aware that any part of the business plans of our Group may or may not proceed according to the timeframe as described under the paragraph headed “Implementation plan” in this section of this document due to various factors such as changes in customers’ demand and changes in market conditions. Under such circumstances, our Directors will evaluate carefully the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Hong Kong until the relevant business plan materialises.

We will issue an appropriate announcement if there is any material change in the abovementioned [REDACTED].

CONNECTED TRANSACTIONS

CONNECTED PERSONS

The following person and entity (i) had entered into transactions with our Group during the Track Record Period; (ii) are having and are expected to continue to have transactions with our Group following the [REDACTED]; and (iii) will become connected persons of our Company under the GEM Listing Rules following the [REDACTED]:

- Mr. Au Cho Wah — Mr. Au Cho Wah is a brother of Ms. Au, our non-executive Director. As an associate of Ms. Au, our connected person, Mr. Au Cho Wah will become our connected person under Chapter 20 of the GEM Listing Rules upon the [REDACTED].
- Maysun Jewellery Manufacturing Company Limited (“**Maysun**”) — Maysun was incorporated in Hong Kong with limited liability on 4 March 2010 and is wholly-owned by Ms. Tang Mei Lee Winnie, a sister of Mr. H.K. Tang, our executive Director. Maysun engages in the business of jewellery manufacturing. As an associate of Mr. H.K. Tang, our connected person, Maysun will become our connected person under Chapter 20 of the GEM Listing Rules upon the [REDACTED].

The following entities (i) had entered into transactions with our Group during the Track Record Period; (ii) had ceased to have transactions with our Group as at the Latest Practicable Date; and (iii) will become/would have become connected persons of our Company under the GEM Listing Rules following the [REDACTED]:

- Harvest Team International Limited (“**Harvest Team (HK)**”) — Harvest Team (HK) was incorporated in Hong Kong with limited liability on 3 September 2007 and is wholly-owned by Mr. H.K. Tang, our executive Director, as his investment holding company. As an associate of Mr. H.K. Tang, our connected person, Harvest Team (HK) will become our connected person under Chapter 20 of the GEM Listing Rules upon the [REDACTED].
- Harvest Team (Macau) — Harvest Team (Macau) was incorporated in Macau with limited liability on 25 June 2013 for a number of construction projects in Macau. As confirmed by our Directors, our Group was requested by the counterparties in Macau to incorporate a company in Macau to lease generators and skid loaders to them, and Harvest Team (Macau) was incorporated accordingly. Harvest Team (Macau) engaged in the business of leasing of generators and skid loaders in Macau, and was dissolved on 28 April 2016 pursuant to shareholders’ resolution after completion of the construction projects. From the incorporation of Harvest Team (Macau) to its dissolution, Mr. H.K. Tang, our executive Director, was interested in 96% of the issued shares of Harvest Team (Macau), while Ms. Au, our non-executive Director, was interested in 4% of the issued shares of Harvest Team (Macau). As an associate of Mr. H.K. Tang, our connected person, Harvest Team (Macau) would have become our connected person under Chapter 20 of the GEM Listing Rules upon the [REDACTED] had it not been dissolved.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTION FULLY EXEMPT FROM THE REPORTING, ANNOUNCEMENT, ANNUAL REVIEW AND INDEPENDENT SHAREHOLDERS’ APPROVAL REQUIREMENTS

Our Company has entered into transactions with Mr. Au Cho Wah and Maysun, our connected persons, in our ordinary and usual course of business, which will continue after the [REDACTED] and hence, upon the [REDACTED], will constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules. Set out below is a summary of such continuing connected transactions of our Company, which are fully exempt from the reporting, announcement, annual review and independent Shareholders’ approval requirements under Rule 20.74(1) of the GEM Listing Rules.

Provision of examination and testing services by Mr. Au Cho Wah to our Group

As disclosed in the section headed “Business — Quality control — Inspection during rental period” in this document, we engage Competent Examiners to perform mandatory examination and load testing on the suspended working platforms before they are put into use after installation or repositioning. A suspended working platform should also be thoroughly examined by a Competent Examiner in the immediately preceding 6 months before it is put into use. A certificate in the form of Form 2 (Certification of thorough examination of suspended working platform) should be obtained from the Competent Examiner to certify that the suspended working platform is in safe working order. Further, a suspended working platform should be load tested and thoroughly examined by a Competent Examiner during the preceding 12 months before it is put into use. A certificate in the form of Form 3 (Certification of load test and thorough examination of suspended working platform) should be obtained from the Competent Examiner to certify that the suspended working platform is in safe working order.

Since April 2014, Mr. Au Cho Wah has been providing examination and testing services for suspended working platforms as a Competent Examiner (the “**Services**”) to our Group. Mr. Au Cho Wah currently holds a registered professional engineer card issued by the Engineers Registration Board of Hong Kong and is a registered professional engineer registered under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong). He was admitted as a member of the Hong Kong Institution of Engineers in May 1998. He was also admitted as a member of The Institute of Mechanical Engineers and was registered as a Chartered Engineer by the Engineering Council in November 1997. Mr. Au Cho Wah worked at our Group from February 2006 to March 2014, with his last position being deputy managing director of Hing Ming. The amounts we paid to Mr. Au Cho Wah in relation to his provision of the Services were approximately HK\$393,000, HK\$436,000 and HK\$106,000 for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, respectively.

On 24 February 2017, Hing Ming and Mr. Au Cho Wah entered into a master service agreement in respect of the Services (the “**Master Service Agreement**”) for an initial term from 24 February 2017 to 31 March 2019 (the “**Initial Term**”), which may be automatically renewed for three years at the end of the Initial Term and at the end of any automatically renewed term following completion of the Initial Term, subject to compliance with the GEM Listing Rules (if applicable). Pursuant to the Master Service Agreement, among other things, (i) we may from time to time during the continuance of the Master Service Agreement place orders with Mr. Au Cho Wah by setting out in the purchase order the particulars of the Services to be provided by Mr. Au Cho Wah based on the service fees set out in the Master Service Agreement; and (ii) Mr. Au Cho Wah grants us a credit period of 30 days from the end of the month during which the Services are completed by Mr. Au Cho Wah or any other date as may be

CONNECTED TRANSACTIONS

agreed between us and as specified in the purchase order under the Master Service Agreement. The service fees for the Services to be provided by Mr. Au Cho Wah as set out in the Master Service Agreement are mutually agreed by our Group and Mr. Au Cho Wah by reference to the services fees charged by other comparable Competent Examiners. The service fees have been and will be charged on a job-by-job basis, depending on the types of the Services provided and to be provided by Mr. Au Cho Wah and the number of suspended working platforms examined and to be examined by Mr. Au Cho Wah. Based on (i) the amounts of fees that Hing Ming paid to Mr. Au Cho Wah in relation to his provision of the Services during the Track Record Period, which amounted to approximately HK\$393,000, HK\$436,000 and HK\$106,000 for the years ended 31 March 2015 and 2016, and the five months ended 31 August 2016, respectively; and (ii) the expected growth of business of our Group for the three years ending 31 March 2019, our Directors estimated that the fees for the Services to be paid by Hing Ming under the Master Service Agreement will be not more than HK\$400,000, HK\$500,000 and HK\$500,000 for the years ending 31 March 2017, 2018 and 2019, respectively.

The Master Service Agreement may be terminated by either Hing Ming or Mr. Au Cho Wah upon serving two months' prior written notice to the other party. The Master Service Agreement may also be terminated by Hing Ming immediately without notice if Mr. Au Cho Wah shall (i) cease to be a registered professional engineer registered under the Engineers Registration Ordinance (Chapter 409 of the Laws of Hong Kong) within the relevant discipline specified by the Commissioner for Labour of Hong Kong; (ii) be in gross negligence in performing his duties and obligations under the Master Service Agreement; and (iii) fail to perform faithfully or diligently any of the duties and obligations under the Master Service Agreement and such failure should continue or remain uncorrected for a period of 30 days after having given notice to Mr. Au Cho Wah by Hing Ming of such failure.

As Mr. Au Cho Wah, our connected person, has been and will continue to provide the Services to our Group following the [REDACTED] on normal commercial terms, the provision of the Services by Mr. Au Cho Wah to our Group will constitute a continuing connected transaction after the [REDACTED].

As each of the applicable percentage ratios (other than the profits ratio) for the estimate annual amount payable by our Group to Mr. Au Cho Wah in relation to his provision of the Services is less than 5% and the total consideration is less than HK\$3,000,000, this transaction will constitute de minimus continuing connected transaction exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 20.74(1)(c) of the GEM Listing Rules. Our Group will comply with the relevant requirements under Chapter 20 of the GEM Listing Rules when conducting such transaction.

Provision of registered office and correspondence address by Maysun to a subsidiary of our Group

Since the incorporation of Hing Ming (a subsidiary of our Group) in September 1997, Hing Ming has been using Maysun's office in Tsim Sha Tsui, Kowloon as its registered office and correspondence address. Maysun is wholly-owned by Ms. Tang Mei Lee Winnie, a sister of Mr. H.K. Tang, our executive Director. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our Group incurred nil, nil and HK\$3,000 in using such registered office. Currently, our open storage of equipment and repairing workshop are located in Pat Heung, the New Territories. Our Group intends to continue to use Maysun's office in Tsim Sha Tsui as Hing Ming's registered office and correspondence address after the [REDACTED] for the convenience of our customers who are used to such address in Tsim Sha Tsui.

CONNECTED TRANSACTIONS

On 1 June 2016, our Group and Maysun entered into a registered office and correspondence address services agreement, pursuant to which Maysun agreed to provide registered office and correspondence address services to Hing Ming at a monthly fee of HK\$1,000 from 1 June 2016 to 31 May 2018. As Maysun, our connected person, has been and will continue to provide registered office and correspondence address services to Hing Ming following the [REDACTED] on normal commercial terms, the provision of the registered office and registered office services by Maysun to our Group will constitute a continuing connected transaction after the [REDACTED].

As each of the applicable percentage ratios (other than the profits ratio) for the estimate annual amount payable by our Group to Maysun in relation to the provision of the registered office and correspondence address services is less than 0.1%, this transaction will constitute de minimus continuing connected transaction exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 20.74(1)(a) of the GEM Listing Rules. Our Group will comply with the relevant requirements under Chapter 20 of the GEM Listing Rules when conducting such transaction.

DISCONTINUED TRANSACTIONS WITH CONNECTED PERSONS

During the Track Record Period, we had entered into the following transactions with Harvest Team (HK) and Harvest Team (Macau), which had discontinued before the Latest Practicable Date:

Motor vehicle expenses paid to Harvest Team (HK)

During the Track Record Period, our Group incurred rental expenses for the use of a motor vehicle owned by Harvest Team (HK), our connected person. Such transaction was discontinued in June 2016 and is summarised as follows:

	Year ended 31 March	
	2015	2016
	<i>HK\$</i>	<i>HK\$</i>
Rental expenses paid to Harvest Team (HK)	54,000	54,000

Rental of machinery by Harvest Team (Macau)

During the Track Record Period, our Group received rental income from Harvest Team (Macau), our connected person, for the use of our generators and skid loaders in relation to certain construction projects in Macau. Harvest Team (Macau) was dissolved on 28 April 2016 pursuant to shareholders' resolution after completion of the construction projects. Such transaction was discontinued and is summarised as follows:

	Year ended 31 March	
	2015	2016
	<i>HK\$</i>	<i>HK\$</i>
Rental income from Harvest Team (Macau)	2,179,290	747,000

DIRECTORS AND SENIOR MANAGEMENT

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Board is responsible and has general powers for management and conduct of our Group’s business. Our senior management consists of our director of engineering, financial controller and company secretary. Our senior management is responsible for the day-to-day management of our business. The following table sets forth certain information in respect of our Directors and senior management:

Name	Age	Position	Date of appointment as Director/senior management	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Directors						
Mr. Tang Hing Keung (鄧興強) (Mr. H.K. Tang)	59	Chairman of our Board, Chief Executive Officer and executive Director	8 April 2016	22 September 1997	Responsible for strategic planning and the overall management and supervision of operations of our Group	Spouse of Ms. Au; Father of Mr. M.H. Tang; Brother-in-law of Mr. Au Lop Wah Edmond
Mr. Tang Ming Hei (鄧銘禧) (Mr. M.H. Tang)	28	Executive Director	24 May 2016	18 April 2016	Responsible for advising on compliance matters of our Group	Son of Mr. H.K. Tang and Ms. Au; Nephew of Mr. Au Lop Wah Edmond
Ms. Au Fung Yee (區鳳怡) (Ms. Au)	54	Non-executive Director	8 April 2016	22 September 1997	Responsible for the strategic planning and financial planning of operations of our Group	Spouse of Mr. H.K. Tang; Mother of Mr. M.H. Tang; Younger sister of Mr. Au Lop Wah Edmond
Mr. Au Lop Wah Edmond (區立華)	61	Non-executive Director	24 May 2016	24 May 2016	Responsible for advising on opportunities for business development and expansion of our Group	Elder brother of Ms. Au; Brother-in-law of Mr. H.K. Tang; Uncle of Mr. M.H. Tang
Mr. Kwan Woon Man Boris (關煥民)	58	Independent non-executive Director	23 February 2017	23 February 2017	Responsible for giving independent advice to our Board	Nil
Mr. Chiu Chi Wing (趙志榮)	53	Independent non-executive Director	23 February 2017	23 February 2017	Responsible for giving independent advice to our Board	Nil
Mr. Tang Man Ho Michael (鄧文豪)	56	Independent non-executive Director	23 February 2017	23 February 2017	Responsible for giving independent advice to our Board	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of appointment as Director/senior management	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Senior Management						
Mr. Leung She Lit (梁社列)	61	Director of Engineering	1 January 2010	22 September 1997	Responsible for monitoring the installation, operation and maintenance of suspended working platforms, as well as providing training and issuing operation certificates of suspended working platforms.	Nil
Mr. Chan Kam Man (陳錦文)	54	Financial Controller and Company Secretary	1 April 2016	1 April 2016	Responsible for the financial and secretarial matters of our Group	Nil

DIRECTORS

Executive Directors

Mr. Tang Hing Keung (鄧興強) (Mr. H.K. Tang), aged 59, was appointed as our Director on 8 April 2016 and designated as our executive Director on 24 June 2016. He is one of the founders of our Group, the Chairman of our Board and the chief executive officer, responsible for strategic planning and the overall management and supervision of operations of our Group. Mr. H.K. Tang has been a director of Hing Ming and Trend Novel since September 1997 and April 2016, respectively. He is the spouse of Ms. Au, a non-executive Director, the father of Mr. M.H. Tang, an executive Director, and the brother-in-law of Mr. Au Lop Wah Edmond, a non-executive Director.

Mr. H.K. Tang has over 20 years of experience in the construction industry, in particular the suspended working platform industry and the tower crane industry in Hong Kong. Prior to incorporating Hing Ming, he worked in a number of construction companies in Hong Kong. From 1979 to 1983, Mr. H.K. Tang worked as a technician in Hopewell Construction Company Limited, mainly responsible for (i) operating tower cranes, welding machines and hydraulic machines, and (ii) repairing tower cranes, suspended working platforms and security cages for workers. From 1983 to 1988, Mr. H.K. Tang worked as a technician in Hip Hing Construction Company Limited, mainly responsible for (i) operating tower cranes and welding machines, (ii) installing and repairing construction equipment and (iii) installing security cages for workers. From 1988 to 1989, he worked in Gammon Construction Limited, mainly responsible for operating tower cranes. In February 1990, he established Hing Ming Engineering Co. as a sole proprietorship to start up his own business of machinery engineering in Hong Kong. Mr. H.K. Tang completed a three-year prevocational course in Caritas St. Joseph Prevocational School in November 1974.

DIRECTORS AND SENIOR MANAGEMENT

Mr. H.K. Tang has been conferred the title of honorary principal of 龍潭興銘雁心小學 (Longtan Hing Ming Hearts Hope Primary School) and 興銘雁心希望小學 (Hing Ming Hearts Hope Primary School) in September 2010 and March 2013, respectively. Both of the schools are in Hunan, the PRC.

Mr. H.K. Tang was a director of the following companies prior to their respective dissolution:

Name of Company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
Carson Engineering Limited	Hong Kong	Provision of electrical services for construction sites	26 August 2011	Deregistration	No business
Harvest Team (Macau)	Macau	Leasing of generators and skid loaders	28 April 2016	Members' voluntary winding up	Cessation of business upon completion of all construction projects it had undertaken
Point (HK) Engineering Limited	Hong Kong	Provision of construction services and the sales of machinery	16 December 2009	Creditor's voluntary winding up	Cessation of business upon completion of all construction projects it had undertaken. To the best knowledge of Mr. H.K. Tang and Ms. Au, (i) the only creditor as at date of winding up was Hing Ming, which did not claim the outstanding amount due from the company of approximately HK\$0.3 million; and (ii) no other creditor filed proof of debts during the winding up. Having considered that (a) Hing Ming was one of the shareholders of the company; and (b) the amount due from the company to Hing Ming was not material, Mr. H.K. Tang and Ms. Au, being the directors of Hing Ming, were of the view that not claiming such amount due did not and would not have any significant financial and operational impact on Hing Ming.
Transasia Engineering (Holdings) Co., Limited	Hong Kong	Inactive	2 December 2005	Deregistration	No business
Transasia Transportation Co., Limited	Hong Kong	Transportation/Logistics	12 November 2004	Deregistration	No business

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tang Ming Hei (鄧銘禧) (Mr. M.H. Tang), aged 28, was appointed as our Director on 24 May 2016 and designated as our executive Director on 24 June 2016. He is responsible for advising on compliance matters of our Group. He is the son of Mr. H.K. Tang and Ms. Au, an executive Director and a non-executive Director, respectively and the nephew of Mr. Au Lop Wah Edmond, a non-executive Director.

Mr. M.H. Tang worked as a part-time compliance consultant of Hing Ming since December 2015 until he joined our Group as a full-time compliance consultant in April 2016. He worked in CACEIS Hong Kong Trust Company Limited, a member of Crédit Agricole Group, from December 2014 to April 2016. From November 2013 to December 2014, he worked as a tax consultant in KPMG Tax Limited.

Mr. M.H. Tang obtained a dual degree of Bachelors of Laws and Commerce from The University of Queensland, Australia in July 2012. In July 2013, he obtained the Graduate Diploma in Legal Practice from The Australian National University, Australia, which is a partial online course, and obtained a degree of Master of Commerce in Financial Econometrics from the University of New South Wales, Australia.

Mr. M.H. Tang was admitted as a Lawyer of the Supreme Court of New South Wales by The Supreme Court of New South Wales in July 2013. He was also admitted as an associate member of CPA Australia in June 2014.

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

Name of Company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
Hing Ming Gondola Equipment Company Limited	Inactive from incorporation to deregistration	24 September 2010	Deregistration	The company was incorporated for name reservation purpose and had no business from its incorporation to its deregistration

Non-executive Directors

Ms. Au Fung Yee (區鳳怡) (Ms. Au), aged 54, was appointed as our Director on 8 April 2016 and designated as our non-executive Director on 24 June 2016. She is one of the founders of our Group and is responsible for the strategic planning and financial planning of our Group. Ms. Au has been a director of Hing Ming and Trend Novel since September 1997 and April 2016, respectively. She is the spouse of Mr. H.K. Tang, an executive Director, the mother of Mr. M.H. Tang, an executive Director, and the younger sister of Mr. Au Lop Wah Edmond, a non-executive Director.

Ms. Au has more than 15 years of experience in the business of suspended working platforms — related business. She founded Hing Ming together with Mr. H.K. Tang in September 1997 and has been a director of Hing Ming since then, mainly responsible for handling financial matters. She was also the company secretary of Hing Ming during the period between September 1997 and June 2006.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Au was a director of the following companies prior to their respective dissolution:

Name of Company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
Carson Engineering Limited	Hong Kong	Provision of electrical services for construction sites	26 August 2011	Deregistration	No business
Harvest Team (Macau)	Macau	Leasing of generators and skid loaders	28 April 2016	Members' voluntary winding up	Cessation of business upon completion of all construction projects it had undertaken
Point (HK) Engineering Limited	Hong Kong	Provision of construction services and the sales of machinery	16 December 2009	Creditor's voluntary winding up	Cessation of business upon completion of all construction projects it had undertaken. To the best knowledge of Mr. H.K. Tang and Ms. Au, (i) the only creditor as at date of winding up was Hing Ming, which did not claim the outstanding amount due from the company of approximately HK\$0.3 million; and (ii) no other creditor filed proof of debts during the winding up. Having considered that (a) Hing Ming was one of the shareholders of the company; and (b) the amount due from the company to Hing Ming was not material, Mr. H.K. Tang and Ms. Au, being the directors of Hing Ming, were of the view that not claiming such amount due did not and would not have any significant financial and operational impact on Hing Ming.

Mr. Au Lop Wah Edmond (區立華), aged 61, was appointed as our Director on 24 May 2016 and designated as our non-executive Director on 24 June 2016. He is primarily responsible for advising on opportunities for business development and expansion of our Group. He is the elder brother of Ms. Au, a non-executive Director, the brother-in-law of Mr. H.K. Tang, an executive Director, and the uncle of Mr. M.H. Tang, an executive Director.

Mr. Au has more than 20 years of experience in engineering and corporation management. He has been a director of Alstom Power Service (Hong Kong) Limited (previously known as LATech Engineering Co. Ltd.) since April 1999, mainly responsible for the development of the company. From January 1996 to April 1999, he worked as a construction engineer in Mass Transit Railway Corporation, mainly responsible for project management. In October 1973, he joined China Light & Power Company, Limited as a student apprentice, and left as a mechanical maintenance engineer in November 1994.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Au obtained the Certificate in Supervisory Management from Hong Kong Polytechnic (currently known as Hong Kong Polytechnic University) in November 1980. He was also awarded the Associateship in Mechanical Engineering by Hong Kong Polytechnic in November 1988. In September 1989, he obtained the Diploma in Management Studies awarded jointly by Hong Kong Polytechnic and Hong Kong Management Association.

Mr. Au was admitted as a member and was registered as a Chartered Mechanical Engineer with The Institution of Mechanical Engineers in June 1990. He was also admitted as a member of The Hong Kong Institution of Engineers in November 1994.

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

Name of Company	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
AC Power & Energy Limited	Supplying and trading of power equipment	27 June 2008	Strike-off	No business
Dainford Industrial Limited	Retail store	21 March 2003	Strike-off	No business

Independent non-executive Directors

Mr. Kwan Woon Man Boris (關煥民), aged 58, was appointed as our independent non-executive Director on 23 February 2017. He is primarily responsible for providing independent advice to our Board.

Mr. Kwan is a general manager in Vigers Security Limited, mainly responsible for management of the company. He joined the Hong Kong Police Force in 1978 and retired in 2014 with his last position being chief inspector. During his service with the Hong Kong Police Force, he was awarded the Hong Kong Police Medal for Meritorious Service in the Hong Kong Special Administrative Region 2014 Honours List in July 2014.

Mr. Kwan completed a Diploma Programme in Police Studies organised by the School of Continuing Studies, The Chinese University of Hong Kong in January 2002. Such programme was a distance education programme.

Mr. Chiu Chi Wing (趙志榮), aged 53, was appointed as our independent non-executive Director on 23 February 2017. He is primarily responsible for providing independent advice to the Board of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chiu has over 20 years of experience in accounting, auditing and taxation. He is a co-founder and is currently a director of Lixin C.P.A. Limited which was founded in May 2002, mainly responsible for reviewing and providing technical advice and providing training to staff for audit, taxation, accounting and company secretarial matters. From November 1990 to March 1991, he worked as the internal auditor of The Po Leung Kuk, mainly responsible for carrying out internal audit works. From August 1986 to October 1990, Mr. Chiu worked in KPMG, mainly responsible for audit works.

Mr. Chiu obtained the Honours Diploma in Accountancy from Lingnan College (currently known as Lingnan University) in November 1986. Mr. Chiu was admitted as a fellow member of The Chartered Association of Certified Accountants in October 1994. He was also admitted as an associate and a fellow of the Hong Kong Institute of Certified Public Accountants in February 1990 and September 1997, respectively. Mr. Chiu was appointed as a member of the Court of Lingnan University from October 2001 to October 2005, and a member of the Council of Lingnan University from August 2006 to August 2009.

On 18 November 2016, Mr. Chiu was appointed as an independent non-executive director of Gudou Holdings Limited, a company listed on GEM (Stock code: 8308).

Mr. Tang Man Ho Michael (鄧文豪), aged 56, was appointed as our independent non-executive Director on 23 February 2017. He is primarily responsible for providing independent advice to our Board.

Mr. Tang Man Ho Michael graduated from Wai Kiu College, a secondary school in Hong Kong in July 1979. He founded Viewful Trading Ltd., a company incorporated under the laws of Hong Kong, in May 1994 engaging in the garment industry. Mr. Tang Man Ho Michael has been the group chairman of Viewful Trading Ltd. since June 1995. As the group chairman, he provides leadership, oversight and governance leadership to the company.

Save as disclosed above, each of our Directors had not held any directorship in the last three years in any public company the securities of which is listed on any securities market in Hong Kong or overseas.

Save as disclosed above, each of our Directors confirms with respect to him/her that: (a) he/she did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (b) he/she did not have any relationship with any other Directors, senior management, substantial shareholder or Controlling Shareholder of our Company as at the Latest Practicable Date; (c) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in the paragraph headed "C. Further information about our Directors and Substantial Shareholders — Disclosure of Interests" in Appendix IV to this document; (d) he/she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with us, which is discloseable under GEM Listing Rules; and (e) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the Corporate Governance Code. Our Company is committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Except for the deviation from provision A.2.1 of the Corporate Governance Code, our Company's corporate governance practices have complied with the Corporate Governance Code. Provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. H.K. Tang is the Chairman and the chief executive officer of our Company. In view of Mr. H.K. Tang is one of the co-founders of our Group and has been operating and managing our Group since its establishment in 1997, our Directors believe that the vesting of the roles of chairman and chief executive officer in Mr. H.K. Tang is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. Accordingly, our Company has not segregated the roles of its chairman and chief executive officer as required by paragraph A.2.1 of the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules.

SENIOR MANAGEMENT

Mr. Leung She Lit (梁社列), aged 61, is the director of engineering of our Group. He joined our Group in September 1997 and is primarily responsible for monitoring the installation, operations and maintenance of suspended working platforms, as well as providing training and issuing the operation certificate of suspended working platforms.

Mr. Leung has more than 18 years of experience in the construction industry. He joined our Group in September 1997 as construction site controller. He is a registered skilled worker under the trade division of Plant & Equipment Mechanic (construction work) (Master) with the HKCIC under the Senior Workers Registration Arrangement. Only senior workers with at least 10 years' experience of relevant trade divisions are allowed to register as skilled workers under such arrangement.

Mr. Chan Kam Man (陳錦文), aged 54, is the financial controller of our Group and the company secretary of our Company and is primarily responsible for the financial and secretarial matters of our Group.

Mr. Chan has been a director of CL Partners CPA Limited since May 2008 and Venture Strategic Advisory Limited since April 1998, mainly responsible for reviewing and providing technical advice and providing training to staff for audit, taxation, accounting and company secretarial matters respectively. Mr. Chan has more than 30 years of experience in accounting, auditing and company secretarial matters. He worked at various audit firms for more than 10 years, including but not limited to (i) Horwath & Horwath from June 1987 to June 1988; (ii) Ernst & Young from July 1988 to February 1990; and (iii) KPMG Peat Marwick, Singapore from March 1990 to January 1993.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan obtained the Honours Diploma in Accountancy from Lingnan College (currently known as Lingnan University) in November 1985. Mr. Chan was admitted as an associate member of each of The Chartered Association of Certified Accountants and the Hong Kong Society of Accountants (currently known as The Hong Kong Institute of Certified Public Accountants) in November 1988 and April 1993, respectively.

Mr. Chan is currently an independent non-executive director of Henry Group Holdings Limited, a company listed on the Main Board (stock code: 0859). He was also an independent non-executive director of China Financial Leasing Group Limited, a company listed on the Main Board (stock code: 2312), from May 2012 to January 2014.

Save as disclosed above, each of the senior management of our Group had not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Mr. Chan Kam Man (陳錦文) is the company secretary of our Group. He is also a member of our senior management as the financial controller of our Group. For his biographical details, please refer to the sub-section headed “Senior Management” in this section.

COMPLIANCE OFFICER

Mr. Tang Ming Hei (鄧銘禧) (Mr. M.H. Tang) is the compliance officer of our Company. For his biographical details, please refer to the sub-section headed “Directors” in this section.

BOARD COMMITTEES

Audit committee

We established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C3.3 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules pursuant to a resolution of our Directors passed on 23 February 2017. The primary duties of our audit committee are, among other things, to make recommendations to our Board on the appointment, reappointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting, oversee our financial reporting process, internal control, risk management systems and audit process, and perform other duties and responsibilities assigned by our Board.

At present, our audit committee comprises Mr. Chiu Chi Wing, Mr. Kwan Woon Man Boris and Mr. Tang Man Ho Michael, all being independent non-executive Directors. The chairman of our audit committee is Mr. Chiu Chi Wing, who holds the appropriate professional qualification as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration committee

We established a remuneration committee with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B1.2 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules pursuant to a resolution of our Directors passed on 23 February 2017. The primary duties of our remuneration committee are to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and senior management and ensure none of our Directors determines his/her own remuneration.

At present, our remuneration committee comprises Mr. Tang Man Ho Michael, Mr. Kwan Woon Man Boris and Mr. Chiu Chi Wing, all being our independent non-executive Directors. Mr. Tang Man Ho Michael is the chairman of our remuneration committee.

Nomination committee

We established a nomination committee with written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules pursuant to a resolution of our Directors passed on 23 February 2017. The primary duties of our nomination committee are to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, our nomination committee comprises Mr. Kwan Woon Man Boris, Mr. Chiu Chi Wing and Mr. Tang Man Ho Michael, all being our independent non-executive Directors. Mr. Kwan Woon Man Boris is the chairman of our nomination committee.

COMPLIANCE ADVISER

We have appointed CLC International as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the term commencing on the [REDACTED] and ending on the date on which we distribute our annual report in respect of our financial results for the second full financial year commencing after the [REDACTED].

Pursuant to Rule 6A.23 of the GEM Listing Rules, we shall seek advice from our compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate to a material extent from any forecast, estimate, or other information in this document; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to our performance. We also reimburse them for expenses which are necessary and reasonably incurred in relation to all business and affairs carried out by us from time to time or for providing services to us or executing their functions in relation to our business and operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and our performance.

After the [REDACTED], our Directors and senior management may also receive options to be granted under the Share Option Scheme.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, the aggregate emoluments paid and benefits in kind granted by us to our Directors were approximately HK\$495,000, HK\$590,000 and HK\$208,000, respectively.

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, the aggregate remuneration including basic salaries, allowance, other benefits and contribution to retirement benefit scheme, paid to the five highest paid individuals (including our Directors) by our Group was approximately HK\$1.9 million, HK\$2.3 million and HK\$0.9 million, respectively.

Save as disclosed in this document, no other emoluments have been paid, or are payable, by us to our Directors and the five highest paid individuals during the Track Record Period.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 March 2017 will be approximately HK\$1.24 million. Following the [REDACTED], our remuneration committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which any of our Directors waived or agreed to waive any remuneration during the Track Record Period.

For additional information on our Directors’ remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to the accountants’ report set out in Appendix I to this document.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Further information on the Share Option Scheme is set forth in the sub-section headed “D. Share option scheme” in Appendix IV to this document.

SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately after the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), the following persons will have interests or short positions in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	Capacity/ nature of interest	Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the [REDACTED] <i>(Note 1)</i>	Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the [REDACTED]
Hing Gut	Beneficial owner <i>(Note 2)</i>	[REDACTED] (L)	[REDACTED]%
Mr. H.K. Tang	Interest in a controlled corporation <i>(Notes 2 and 3)</i>	[REDACTED] (L)	[REDACTED]%
Ms. Au	Interest of spouse <i>(Note 3)</i>	[REDACTED] (L)	[REDACTED]%

Note:

1. The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
2. Our Company will be owned as to [REDACTED]% by Hing Gut immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme). Hing Gut is owned as to 90% by Mr. H.K. Tang and as to 10% by Ms. Au. Under the SFO, Mr. H.K. Tang is deemed to be interested in the same number of Shares held by Hing Gut.
3. Mr. H.K. Tang and Ms. Au are spouses. Under the SFO, Ms. Au is deemed to be interested in the same number of Shares which Mr. H.K. Tang is interested.

SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), have interests or short positions in the Shares or the underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SIGNIFICANT SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme), be entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of our Company.

SHARE CAPITAL

SHARE CAPITAL

Assuming the [REDACTED] is not exercised at all and without taking into account the options that may be granted under the Share Option Scheme, the share capital of our Company immediately following completion of the Capitalisation Issue and the [REDACTED] will be as follows:

HK\$

Authorised:

	10,000,000,000 Shares of HK\$0.01 each	100,000,000.00
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Issued or to be issued, fully paid or credited as fully paid:

	1 Share in issue as at the Latest Practicable Date	0.01
	99 Shares issued on 23 February 2017 pursuant to the Reorganisation	0.99
	[REDACTED] Shares to be issued pursuant to the Capitalisation Issue	[REDACTED]
	<u>[REDACTED]</u> Shares to be issued pursuant to the [REDACTED]	<u>[REDACTED]</u>
	<u>[REDACTED]</u> Shares	<u>[REDACTED]</u>

Assuming the [REDACTED] is exercised in full, and without taking into account any options that may be granted under the Share Option Scheme, the share capital of our Company immediately following the completion of the Capitalisation Issue and the [REDACTED] will be as follows:

	1 Share in issue as at the Latest Practicable Date	0.01
	99 Shares issued on 23 February 2017 pursuant to the Reorganisation	0.99
	[REDACTED] Shares to be issued pursuant to the Capitalisation Issue	[REDACTED]
	[REDACTED] Shares to be issued pursuant to the [REDACTED]	[REDACTED]
	[REDACTED] Shares to be issued pursuant to the exercise of the [REDACTED]	[REDACTED]
	<u>[REDACTED]</u> Shares	<u>[REDACTED]</u>

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the [REDACTED] and at all times thereafter, our Company must maintain the minimum prescribed percentage of [REDACTED] of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

RANKING

The [REDACTED] will rank pari passu in all respects with all Shares currently in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this document save for the entitlements under the Capitalisation Issue.

SHARE CAPITAL

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. A summary of its principal terms is set out in the sub-section headed “D. Share option scheme” in Appendix IV to this document.

GENERAL MANDATE GRANTED TO THE DIRECTORS

Subject to the [REDACTED] becoming unconditional, general mandates have been granted to our Directors to allot and issue Shares and to repurchase Shares. For details of such general mandates, please refer to the paragraph headed “A. Further information about our Company — 5. Written resolutions of our sole Shareholder passed on 23 February 2017” in Appendix IV to this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the paragraph headed “Summary of the Constitution of the Company and the Cayman Islands Company Law” in Appendix III to this document.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our combined financial information as at and for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, including the notes thereto, included in the Accountants’ Report in Appendix I to this document. Our combined financial information has been prepared in accordance with HKFRSs. The following discussion and analysis contains forward-looking statements concerning events that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth in the section headed “Risk Factors” and elsewhere in this document.

OVERVIEW

Our Group engages in the provision of rental and related services of temporary suspended working platforms in Hong Kong. During the Track Record Period, we offer a range of services including: (i) rental and related services of temporary suspended working platforms; (ii) trading of permanent suspended working platforms and (iii) rental of other construction equipment such as tower crane and generator. According to the Frost & Sullivan Report, we are the leading temporary suspended working platform rental service provider in Hong Kong in 2015 in terms of the revenue generated from the rental of temporary suspended working platforms, accounting for approximately 22.8% of the market share of the total revenue of the industry in Hong Kong.

BASIS OF PRESENTATION

The combined financial statements of our Group for the Track Record Period has been prepared in conform with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of our Group for the Track Record Period have been prepared using the financial information of the entities now comprising our Group, as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of acquisition or incorporation of the relevant entities now comprising our Group, where this is a shorter period. The combined statements of financial position of our Group as at 31 March 2015 and 31 March 2016 and 31 August 2016 have been prepared to present the assets and liabilities of our Group as if the current structure had been in existence at the respective days. The net assets and results of our Group were combined using the carrying value from the perspective of the ultimate controlling shareholder. All significant intra-group transactions and balances have been eliminated on combination.

Further details on the basis of presentation are set out in Note 2 in the Accountants’ Report in Appendix I to this document.

FINANCIAL INFORMATION

FACTORS AFFECTING FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF OUR GROUP

Our Group’s financial condition and results of operations have been and will continue to be affected by a number of factors, including those set out below and in the section headed “Risk Factors” of this document.

Our leading position in the temporary suspended working platform rental service market in Hong Kong and our ability to maintain our reputation in the industry

We are the leading temporary suspended working platform rental service provider in Hong Kong in 2015 in terms of the revenue generated from the rental of temporary suspended working platforms. We have established our reputation as a dedicated temporary suspended working platform rental service provider achieving customer satisfaction and quality of work which in turn enables us to gain confidence from our customers. Over the years, we believe that we have built goodwill among our customers. If there is any major disruption to our operations due to events such as industrial accidents, major or frequent breakdowns of our rental machinery, recall of machinery due to quality problems, inability of our technicians to provide timely service to our customers, or due to other circumstances which are beyond our control, we may face adverse publicity and hence our reputation and goodwill with customers may be adversely affected. Consequently, we may risk losing customers’ confidence for our rental and trading business, and our profitability and financial performance may be adversely affected.

The demand of suspended working platforms

The demand of rental and trading of suspended working platforms is driven by the level of housing construction or maintenance projects. As a result, our profitability is dependent on the level of housing constructions or maintenance projects in Hong Kong.

The timing, size and nature of these projects will, on the other hand, be determined by the interplay of a number of factors such as the government’s spending patterns on the housing development plan, the investment of property developers and the general conditions and prospects of the local economy. These factors may affect the availability of construction projects from both the private and public sectors.

According to the Frost & Sullivan Report, the market of suspended working platform rental and trading service industry in Hong Kong was estimated to continue to grow at a CAGR of approximately 3.9% and 4.4% from 2016 to 2020, respectively. Our Directors believe that our Group will be benefited from the continuous growth in demand for rental and trading of suspended working platforms. For details on the suspended working platform market in Hong Kong, please refer to the section headed “Industry Overview” in this document.

Employees and staff costs

We believe our employees are one of the valuable resources to achieve our success since we place significant emphasis on the services provided by our operational and technical support team. Consistent and quality service of our staff is important for effective execution and building up our reputation and customer relationships. Should we fail to retain our employees, our capability to provide value-added

FINANCIAL INFORMATION

services to help customers to meet their different requirements and resolve technical difficulties may be adversely affected. This would reduce our competitiveness and adversely affect our profitability and financial performance.

Staff costs for our technicians was also one of the major components of our Group’s cost of sales and service rendered, which accounted for approximately 21.5%, 33.5% and 38.7% of our Group’s total cost of sales and services rendered for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, respectively. Should we fail to retain our employees and control our staff costs, our operational results may be adversely affected.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff costs for our technicians on the profit and total comprehensive income for the Track Record Period. Fluctuations are assumed to be 20%, 30%, and 40% for each of the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, which corresponded to the range of historical fluctuations of our staff costs during the Track Record Period.

Change in staff costs	+40%	+30%	+20%	-20%	-30%	-40%
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
<i>Impact on profit and total comprehensive income</i>						
For the year ended						
31 March 2015	(1,908)	(1,431)	(954)	954	1,431	1,908
For the year ended						
31 March 2016	(2,676)	(2,007)	(1,338)	1,338	2,007	2,676
For the five months ended						
31 August 2016	(1,127)	(845)	(563)	563	845	1,127

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain significant accounting policies that are critical to the preparation of our financial information. These significant accounting policies are important for an understanding of our financial position and results of operations and are set forth in Note 5 “Summary of Significant Accounting Policies” to the Accountants’ Report in Appendix I to this document. The preparation of the financial information requires our management to make significant and subjective estimates, assumptions and judgments based on our own historical experience, knowledge and assessment of our business conditions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at each financial year end during the Track Record Period.

As use of estimates and judgment form an integral part of the financial reporting process, the actual results may differ from these assumptions, estimates and judgments and could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities affected in the future. These key estimates are set forth in Note 6 “Key Sources of Estimation Uncertainty” to the Accountants’ Report in Appendix I to this document.

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We believe that the following critical accounting policies and accounting estimates involve the most significant judgments and estimates used in the preparation of the combined financial statements.

Revenue recognition

For details, please refer to Note 5 headed “Summary of significant accounting policies — Revenue recognition” to the Accountants’ Report in Appendix I to this document.

Property, plant and equipment

For details, please refer to Note 5 headed “Summary of significant accounting policies — Property, plant and equipment” to the Accountants’ Report in Appendix I to this document.

Depreciation of property, plant and equipment

For details, please refer to Note 6 headed “Key sources of estimation uncertainty — Property, plant and equipment and depreciation” to the Accountants’ Report in Appendix I to this document.

Inventories

For details, please refer to Note 5 headed “Summary of significant accounting policies — Inventories” to the Accountants’ Report in Appendix I to this document.

Impairment loss on financial assets

For details, please refer to Note 5 headed “Summary of significant accounting policies — Financial instruments” to the Accountants’ Report in Appendix I to this document.

Leasing

For details, please refer to Note 5 headed “Summary of significant accounting policies — Leasing” to the Accountants’ Report in Appendix I to this document.

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RESULTS OF OPERATIONS

Our combined statements of comprehensive income for the periods indicated as set out below are derived from our combined financial statements included in Appendix I to this document.

	For the year ended		For the five months ended	
	31 March		31 August	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			
Revenue	44,455	45,017	18,612	18,795
Cost of sales and services rendered	<u>(26,532)</u>	<u>(23,952)</u>	<u>(12,120)</u>	<u>(8,722)</u>
Gross profit	17,923	21,065	6,492	10,073
Other income	829	369	15	18
Administrative expenses	(6,437)	(5,874)	(2,510)	(2,924)
[REDACTED] expenses	—	[REDACTED]	—	[REDACTED]
Finance costs	<u>(184)</u>	<u>(190)</u>	<u>(72)</u>	<u>(197)</u>
Profit before income tax expense	12,131	12,002	3,925	2,086
Income tax expense	<u>(2,299)</u>	<u>(2,440)</u>	<u>(660)</u>	<u>(1,164)</u>
Profit and total comprehensive income for the year/period	<u><u>9,832</u></u>	<u><u>9,562</u></u>	<u><u>3,265</u></u>	<u><u>922</u></u>

PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our Group’s revenue mainly represents income from rental services and trading of equipment and spare parts. Most of our revenue are generated from transactions with construction companies, owners of commercial properties and trading companies and a majority of our revenue was derived in Hong Kong.

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The following table sets out the breakdown of our Group’s revenue for the periods indicated.

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
(unaudited)								
Rental services								
— Rental and related services income from temporary suspended working platforms	26,421	59.4	31,345	69.6	12,074	64.9	15,459	82.3
— Rental income from tower crane	705	1.6	701	1.6	300	1.6	—	—
— Rental income from other equipment	<u>3,227</u>	<u>7.3</u>	<u>2,159</u>	<u>4.8</u>	<u>1,035</u>	<u>5.5</u>	<u>368</u>	<u>1.9</u>
Sub-total	30,353	68.3	34,205	76.0	13,409	72.0	15,827	84.2
Trading of equipment and spare parts								
— Sales of permanent suspended working platforms	5,239	11.8	4,337	9.6	3,156	17.0	1,890	10.1
— Sales of other equipment and spare parts	7,881	17.7	5,949	13.2	1,810	9.7	896	4.8
— Trade related services income	<u>982</u>	<u>2.2</u>	<u>526</u>	<u>1.2</u>	<u>237</u>	<u>1.3</u>	<u>182</u>	<u>0.9</u>
Sub-total	14,102	31.7	10,812	24.0	5,203	28.0	2,968	15.8
Total revenue	<u>44,455</u>	<u>100.0</u>	<u>45,017</u>	<u>100.0</u>	<u>18,612</u>	<u>100.0</u>	<u>18,795</u>	<u>100.0</u>

Rental services

(i) Rental and related services income from temporary suspended working platforms

During the Track Record Period, our Group rented temporary suspended working platforms to our customers for housing construction or repair and refurbishment purpose. Our Group provides one-stop temporary suspended working platform rental and related services to our customers, starting from (i) project planning, (ii) customisation, (iii) delivery of machinery to construction site, (iv) installation and inspection, (v) on-site customer support during the rental period, to (vi) disassembly and delivery of platforms back to our storage and repairing workshop.

The following table sets out the breakdown of our Group’s rental and related services income from temporary suspended working platforms for the periods indicated.

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
(unaudited)								
Rental income from temporary suspended working platforms	16,268	61.6	19,466	62.1	7,115	58.9	9,324	60.3
Rental related services income	<u>10,153</u>	<u>38.4</u>	<u>11,879</u>	<u>37.9</u>	<u>4,959</u>	<u>41.1</u>	<u>6,135</u>	<u>39.7</u>
	<u>26,421</u>	<u>100.0</u>	<u>31,345</u>	<u>100.0</u>	<u>12,074</u>	<u>100.0</u>	<u>15,459</u>	<u>100.0</u>

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Rental income from temporary suspended working platforms

Our Group rents temporary suspended working platforms to our customers on a daily or monthly basis. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, rental income from temporary suspended working platforms contributed approximately HK\$16.3 million, HK\$19.5 million and HK\$9.3 million, respectively, or approximately 36.6%, 43.2% and 49.6% of our total revenue, respectively.

Rental related services income

Rental related services mainly involve provision of (i) temporary suspended working platform installation services to customers in the construction sites specified by them; (ii) inspection services to ensure proper installation and intact structure of the temporary suspended working platforms; and (iii) transportation services of our temporary suspended working platforms to the construction site specified by customers. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, rental related services income contributed approximately HK\$10.2 million, HK\$11.9 million and HK\$6.1 million, respectively, or approximately 22.8%, 26.4% and 32.6% of our total revenue, respectively.

(ii) Rental income from tower crane

Apart from temporary suspended working platforms, as at 31 August 2016, we wholly owned two tower cranes and jointly owned one tower crane. Each of our Group and an independent business partner owns 50% of the jointly owned tower crane.

Rental income from tower cranes mainly involves provision of rental of tower cranes. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, rental income from tower crane contributed approximately HK\$0.7 million, HK\$0.7 million and nil respectively, or approximately 1.6%, 1.6% and nil of our total revenue, respectively.

(iii) Rental income from other equipment

Apart from temporary suspended working platforms and tower cranes, we also owned eight, nine and nine generators as at 31 March 2015 and 2016 and 31 August 2016, respectively.

Rental income from other equipment mainly involves provision of rental of generators. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, rental income from other equipment contributed approximately HK\$3.2 million, HK\$2.2 million and HK\$0.4 million respectively, or approximately 7.3%, 4.8% and 1.9% of our total revenue, respectively.

Trading of equipment and spare parts

(i) Sales of permanent suspended working platforms

Our Group also engages in trading of equipment. We source new permanent suspended working platforms for our customers from suppliers located in Germany, Belgium, Spain and China.

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For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, we sold 17, 5 and 9 units of permanent suspended working platforms, respectively. Sales of permanent suspended working platforms contributed approximately HK\$5.2 million, HK\$4.3 million and HK\$1.9 million, respectively, or approximately 11.8%, 9.6% and 10.1% of our total revenue, respectively.

(ii) Sales of other equipment and spare parts

Apart from permanent suspended working platforms, we also offered various equipment such as temporary suspended working platforms and skid loaders, and spare parts such as motors and wire rope to our customers. The other equipment and spare parts we sold were usually specified by our customers before we made our procurement.

Sales of other equipment and spare parts mainly arise from the sales of temporary suspended working platforms and motors. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, income from sales of other equipment and spare parts contributed approximately HK\$7.9 million, HK\$5.9 million and HK\$0.9 million, respectively, or approximately 17.7%, 13.2% and 4.8% of our total revenue, respectively.

(iii) Trade related services income

Our Group also arranges the delivery of the sold equipment and spare parts to our customer and provides maintenance services to those equipment and spare parts upon the request of our customers.

Trade related services mainly involve provision of transportation services and maintenance services related to the trading of equipment and spare parts. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, trade related services income contributed approximately HK\$1.0 million, HK\$0.5 million and HK\$0.2 million, respectively, or approximately 2.2%, 1.2% and 0.9% of our total revenue, respectively.

The following table sets out the breakdown of our Group's revenue by geographical locations for the periods indicated.

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Hong Kong	36,967	83.2	39,725	88.3	16,701	89.7	17,813	94.8
Thailand	4,289	9.6	4,192	9.3	1,364	7.3	913	4.9
Macau	2,493	5.6	901	2.0	515	2.8	19	0.1
Others	706	1.6	199	0.4	32	0.2	50	0.2
Total	44,455	100.0	45,017	100.0	18,612	100.0	18,795	100.0

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, approximately 83.2%, 88.3% and 94.8% of our total revenue was generated in Hong Kong, respectively. Our Group's revenue is closely tied to the level of construction activities and the number of public or private sector projects in Hong Kong. Revenue generated from Thailand was mainly attributable to the trading of motors with a customer located in Thailand, representing approximately 9.6%, 9.3% and 4.9% of our total revenue, respectively, for the years ended 31 March 2015 and 2016 the five months ended

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31 August 2016. Revenue generated from Macau was mainly attributable to the rental of generators and other equipment and trading of spare parts in relation to certain construction projects in Macau, representing approximately 5.6%, 2.0% and 0.1% of our total revenue, respectively, for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016.

Cost of sales and services rendered

Cost of sales and services rendered mainly represents the cost of inventories sold and materials consumed, staff cost, rental of equipment and depreciation.

The following table sets out the breakdown of our Group's cost of sales and services rendered for the periods indicated.

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Cost of inventories sold and materials consumed	11,533	43.5	9,099	38.0	6,077	50.1	2,637	30.2
Staff costs	5,714	21.5	8,013	33.5	2,930	24.2	3,373	38.7
Rental of equipment	2,473	9.3	497	2.1	281	2.3	—	—
Depreciation	2,224	8.4	2,312	9.6	1,011	8.3	984	11.3
Rental of storage and repairing workshop	1,054	4.0	1,087	4.5	427	3.5	499	5.7
Consumable	912	3.4	530	2.2	194	1.6	109	1.2
Motor vehicle expenses	715	2.7	829	3.5	375	3.1	310	3.6
Transportation	632	2.4	347	1.4	222	1.8	206	2.4
Inspection fee	564	2.1	758	3.2	359	3.0	404	4.6
Others	711	2.7	480	2.0	244	2.1	200	2.3
	<u>26,532</u>	<u>100.0</u>	<u>23,952</u>	<u>100.0</u>	<u>12,120</u>	<u>100.0</u>	<u>8,722</u>	<u>100.0</u>

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our cost of sales and services rendered were approximately HK\$26.5 million, HK\$24.0 million and HK\$8.7 million, respectively, representing approximately 59.7%, 53.2% and 46.4% of our total revenue. Cost of inventories sold and materials consumed mainly represent the cost of the permanent suspended working platforms, other equipment and spare parts sold and cost of materials consumed for installation and maintenance. Staff costs are primarily related to the staff costs for our technicians. Rental of equipment represents the rental we paid to our suppliers for renting of metal components of temporary suspended working platforms and other equipment. Others mainly include fuel expenses, loss on inventory and repair and maintenance expense.

Gross profit and gross profit margin

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our gross profit was approximately HK\$17.9 million, HK\$21.1 million and HK\$10.1 million respectively and our gross profit margin was approximately 40.3%, 46.8% and 53.6% respectively.

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The following table sets out our gross profit and gross profit margin by segment for the periods indicated.

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	Gross profit	
	margin	margin	margin	margin	margin	margin	margin	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Rental services								
— Rental and related services of temporary suspended working platforms	12,369	46.8	14,215	45.4	4,063	33.7	8,478	54.8
— Rental of tower crane	407	57.8	404	57.6	175	58.3	—	—
— Rental of other equipment	1,313	40.7	1,055	48.9	477	46.1	149	40.5
Subtotal	14,089	46.4	15,674	45.8	4,715	35.2	8,627	54.5
Trading of equipment and spare parts								
— Sales of permanent suspended working platforms	769	14.7	608	14.0	608	19.3	542	28.7
— Sales of other equipment and spare parts	2,474	31.4	4,287	72.1	947	52.3	734	81.9
— Trade related services income	591	60.2	496	94.3	222	93.7	170	93.4
Subtotal	3,834	27.2	5,391	49.9	1,777	34.2	1,446	48.7
Total	17,923	40.3	21,065	46.8	6,492	34.9	10,073	53.6

For the years ended 31 March 2015 and 2016, our gross profit margin for our rental services remained stable at approximately 46.4% and 45.8%, respectively. Our gross profit margin for our rental services increased to approximately 54.5% for the five months ended 31 August 2016. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our gross profit margin for our trading of equipment and spare parts segment was approximately 27.2%, 49.9% and 48.7%, respectively.

Other income

Other income is mainly related to the gain on disposal of property, plant and equipment and sundry income. The following table sets out the breakdown of our Group's other income for the periods indicated.

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Bank interest income	—	—	1	0.3	1	6.7	1	5.6
Gain on disposal of property, plant and equipment, net	792	95.5	—	—	—	—	—	—
Sundry income	37	4.5	368	99.7	14	93.3	13	72.2
Exchange gain	—	—	—	—	—	—	4	22.2
	829	100.0	369	100.0	15	100.0	18	100.0

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For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our other income was approximately HK\$0.8 million, HK\$0.4 million and HK\$18,000, respectively. Gain on disposal of property, plant and equipment was related to the disposal of six motor vehicles for the year ended 31 March 2015. Sundry income for the year ended 31 March 2016 mainly represented the recovery of previously impaired trade receivables.

Administrative expenses

Our Group’s administrative expenses consist primarily of staff costs, staff related expenses, written off of receivables, insurance and others.

The following table sets out the breakdown of our Group’s administrative expenses for the periods indicated.

	For the year ended 31 March				For the five months ended 31 August			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
					(unaudited)			
Staff costs	2,082	32.3	2,867	48.8	926	36.9	1,559	53.3
Staff related expenses	139	2.2	318	5.4	131	5.2	160	5.5
Written off of trade receivables	1,851	28.8	805	13.7	805	32.1	470	16.1
Written off of other receivables	500	7.7	—	—	—	—	—	—
Insurance	519	8.1	530	9.0	221	8.8	293	10.0
Travelling and entertainment	366	5.7	436	7.4	192	7.6	89	3.0
Audit fee	250	3.9	250	4.3	—	—	—	—
Depreciation	98	1.5	90	1.5	40	1.6	20	0.7
Others	632	9.8	578	9.9	195	7.8	333	11.4
	<u>6,437</u>	<u>100.0</u>	<u>5,874</u>	<u>100.0</u>	<u>2,510</u>	<u>100.0</u>	<u>2,924</u>	<u>100.0</u>

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our administrative expenses were approximately HK\$6.4 million, HK\$5.9 million and HK\$2.9 million, representing approximately 14.5%, 13.0% and 15.6% of our total revenue, respectively. Staff costs consist of director’s remuneration and the salaries and mandatory provident fund contribution for administrative staff. Written off of trade receivables represents written off of trade receivables in accordance with our Group’s policy for impairment of trade receivables. Written off of other receivables was related to the written off of other receivables since a supplier refused to refund for the goods returned for the year ended 31 March 2015. Insurance mainly represents employee’s compensation insurance for our employees. Others mainly include utility fees, stationery expense, telecommunication charges, cleaning expense and other sundry expenses.

[REDACTED] expenses

For the year ended 31 March 2016 and the five months ended 31 August 2016, we recognised [REDACTED] expenses of approximately HK\$[REDACTED] and HK\$[REDACTED], respectively. For details, please refer to the paragraph headed “[REDACTED] expenses” below.

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Finance costs

Our Group's finance costs mainly represent interest incurred in relation to bank borrowings. Our finance costs remained stable at approximately HK\$0.2 million for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016.

Income tax expense

For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, our income tax expense was approximately HK\$2.3 million, HK\$2.4 million and HK\$1.2 million, respectively, which mainly represents provision for Hong Kong current and deferred income tax expense. Our effective tax rate was approximately 19.0%, 20.3% and 55.8% for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, respectively.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five Months Ended 31 August 2016 Compared to Five Months Ended 31 August 2015

Revenue

Our revenue increased slightly by approximately HK\$0.2 million or 1.1% from approximately HK\$18.6 million for the five months ended 31 August 2015 to approximately HK\$18.8 million for the five months ended 31 August 2016. The increase in our revenue was attributable to the following reasons:

Rental services

Our revenue from rental services increased by approximately HK\$2.4 million or 17.9% from approximately HK\$13.4 million for the five months ended 31 August 2015 to approximately HK\$15.8 million for the five months ended 31 August 2016. The increase was primarily attributable to the increase in rental and related services income from temporary suspended working platforms due to the increase in the number of sizable public sector projects resulting in a higher demand of our temporary suspended working platforms. Such increase was partially offset by the decrease in rental income from other equipment and tower crane due to (i) the decrease in number of generators rented out from one unit to nil for projects in Macau since the discontinuation of the supply of generators for projects in Macau in January 2016; and (ii) the jointly owned tower crane underwent repair and maintenance after the completion of the previous rental agreement in March 2016 and we were under negotiation with potential customers for rental agreement during the five months ended 31 August 2016.

Trading of equipment and spare parts

Our revenue from trading of equipment and spare parts decreased by approximately HK\$2.2 million or 42.3% from approximately HK\$5.2 million for the five months ended 31 August 2015 to approximately HK\$3.0 million for the five months ended 31 August 2016. Such decrease was primarily attributable to (i) the decrease in sales of permanent suspended working platforms due to the permanent suspended working platforms sold during the five months ended 31 August 2016 were relatively smaller in size, which led to the drop in the average selling price; and (ii) the

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decrease in sales of other equipment and spare parts since we sold only 23 units of used motors for the five months ended 31 August 2016 comparing to 41 units for the five months ended 31 August 2015.

Cost of sales and services rendered

Our cost of sales and services rendered decreased by approximately HK\$3.4 million or 28.1% from approximately HK\$12.1 million for the five months ended 31 August 2015 to approximately HK\$8.7 million for the five months ended 31 August 2016. The decrease was mainly attributable to the decrease in our cost of inventories sold and materials consumed which was consequential to the decrease in revenue from trading of equipment and spare parts and less materials consumed. The depreciation of our property, plant and equipment and rental of storage and repairing workshop remained stable for the five months ended 31 August 2016 due to their fixed cost in nature.

Gross profit and gross profit margin

Our gross profit increased by approximately HK\$3.6 million or 55.4%, from approximately HK\$6.5 million for the five months ended 31 August 2015 to approximately HK\$10.1 million for the five months ended 31 August 2016. In addition, our gross profit margin was approximately 53.6% for the five months ended 31 August 2016 which increased from approximately 34.9% for the five months ended 31 August 2015. The increase in gross profit and gross profit margin were attributable to the following reasons:

Rental services

Our gross profit for rental services increased by approximately HK\$3.9 million or 83.0% from approximately HK\$4.7 million for the five months ended 31 August 2015 to approximately HK\$8.6 million for the five months ended 31 August 2016 which primarily due to the increase in revenues and the respective gross profit margin for rental services. Our gross profit margin for rental services increased from approximately 35.2% for the five months ended 31 August 2015 to approximately 54.5% for the five months ended 31 August 2016. The increase was mainly attributable to the increase in revenue from rental related services of temporary suspended working platforms for the five months ended 31 August 2016, while the principle cost of which was fixed labour cost.

Trading of equipment and spare parts

Our gross profit for trading of equipment and spare parts decreased by approximately HK\$0.4 million or 22.2%, from approximately HK\$1.8 million for the five months ended 31 August 2015 to approximately HK\$1.4 million for the five months ended 31 August 2016. The decrease in gross profit was in line with the decrease in our revenue from trading of equipment and spare parts. Our gross profit margin for trading of equipment and spare parts increased from approximately 34.2% for the five months ended 31 August 2015 to approximately 48.7% for the five months ended 31 August 2016. The increase in gross profit margin for trading of equipment and spare parts was mainly attributable to (i) the sales of smaller size permanent suspended working platforms sourced from Europe for the five months ended 31 August 2016 which generally has a higher gross profit margin; and (ii) the sale of used spare parts with a relatively high gross profit margin for the five months ended 31 August 2016.

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Other income

Our other income remained stable at approximately HK\$15,000 and HK\$18,000 for the five months ended 31 August 2015 and 2016, respectively.

Administrative expenses

Our administrative expenses increased by approximately HK\$0.4 million or 16% from approximately HK\$2.5 million for the five months ended 31 August 2015 to approximately HK\$2.9 million for the five months ended 31 August 2016. The increase was a combined result of the increase in staff costs by approximately HK\$0.6 million or 66.7% due to the increase of 3 headcounts of administrative and finance staff for the five months ended 31 August 2016; and partially offset by the decrease in written off of trade receivables by approximately HK\$0.3 million or 37.5% for the five months ended 31 August 2016.

[REDACTED] expenses

During the five months ended 31 August 2016, we recognised [REDACTED] expenses of approximately HK\$[REDACTED]. For details, please refer to the paragraph headed “[REDACTED] expenses” below.

Finance costs

Our finance costs increased by approximately HK\$0.1 million or 100.0% from approximately HK\$0.1 million for the five months ended 31 August 2015 to approximately HK\$0.2 million for the five months ended 31 August 2016. The increase was in line with the increase in bank borrowings from approximately HK\$7.0 million as at 31 March 2015 to approximately HK\$15.7 million as at 31 March 2016.

Income tax expense

Our income tax expense increased by approximately HK\$0.5 million or 71.4% from approximately HK\$0.7 million for the five months ended 31 August 2015 to approximately HK\$1.2 million for the five months ended 31 August 2016. The increase in income tax expense was in line with the increase in profit before income tax expense and [REDACTED] expenses. Our effective tax rate was approximately 16.8% and 55.8%, respectively, for the five months ended 31 August 2015 and 2016. The increase was mainly due to the non-tax deductible [REDACTED] expenses of approximately HK\$[REDACTED] for the five months ended 31 August 2016.

Profit and total comprehensive income for the period

As a result of the aforementioned factors, our profit and total comprehensive income for the period decreased by approximately HK\$2.4 million or 72.7% from approximately HK\$3.3 million for the five months ended 31 August 2015 to approximately HK\$0.9 million for the five months ended 31 August 2016.

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Year Ended 31 March 2016 Compared to Year Ended 31 March 2015

Revenue

Our revenue increased by approximately HK\$0.5 million or 1.1% from approximately HK\$44.5 million for the year ended 31 March 2015 to approximately HK\$45.0 million for the year ended 31 March 2016. The increase in our revenue was attributable to the following reasons:

Rental services

Our revenue from rental services increased by approximately HK\$3.8 million or 12.5% from approximately HK\$30.4 million for the year ended 31 March 2015 to approximately HK\$34.2 million for the year ended 31 March 2016. The increase was primarily attributable to the increase in rental and related services income from temporary suspended working platforms due to the increase in the number of sizable public sector projects resulting in a higher demand of our temporary suspended working platforms. Such increase was partially offset by the decrease in rental income from other equipment due to (i) the decrease in number of generators rented out from four units to one unit for projects in Macau; and (ii) the discontinuation of the supply of generators for projects in Macau in January 2016.

Trading of equipment and spare parts

Our revenue from trading of equipment and spare parts decreased by approximately HK\$3.3 million or 23.4% from approximately HK\$14.1 million for the year ended 31 March 2015 to approximately HK\$10.8 million for the year ended 31 March 2016. Such decrease was primarily attributable to the one-off transaction with an existing customer who purchased temporary suspended working platforms from us of approximately HK\$2.1 million for the year ended 31 March 2015 and no such transaction was recorded for the year ended 31 March 2016.

Cost of sales and services rendered

Our cost of sales and services rendered decreased by approximately HK\$2.5 million or 9.4% from approximately HK\$26.5 million for the year ended 31 March 2015 to approximately HK\$24.0 million for the year ended 31 March 2016. The decrease was a combined result of (i) the decrease in our cost of inventories sold and materials consumed by approximately HK\$2.4 million or 20.9% which is consequential to the decrease in revenue from trading of equipment and spare parts; (ii) the decrease in rental we paid to our suppliers for renting metal components of approximately HK\$2.0 million or approximately 80.0% since we rented extra metal components of temporary suspended working platforms to fulfil an order from an existing customer for the year ended 31 March 2015 and no such order was received for the year ended 31 March 2016; and partially offset by (iii) the increase in staff cost by approximately HK\$2.3 million or 40.4% due to the increase in average salary and the increase in headcount of technician and quality assurance staff from 24 to 33 for the year ended 31 March 2016. The depreciation of our property, plant and equipment and rental of storage and repairing workshop remained stable for the year ended 31 March 2016 due to their fixed cost in nature.

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Gross profit and gross profit margin

Our gross profit increased by approximately HK\$3.2 million or 17.9%, from approximately HK\$17.9 million for the year ended 31 March 2015 to approximately HK\$21.1 million for the year ended 31 March 2016. In addition, our gross profit margin was approximately 46.8% for the year ended 31 March 2016 which increased from approximately 40.3% for the year ended 31 March 2015. The increase in gross profit and gross profit margin were attributable to the following reasons:

Rental services

Our gross profit for rental services increased by approximately HK\$1.6 million or 11.3% from approximately HK\$14.1 million for the year ended 31 March 2015 to approximately HK\$15.7 million for the year ended 31 March 2016 which was in line with our increase in revenue from rental services. Our gross profit margin for rental services remained stable at approximately 46.4% and 45.8%, respectively, for the years ended 31 March 2015 and 2016.

Trading of equipment and spare parts

Our gross profit for trading of equipment and spare parts segment increased by approximately HK\$1.6 million or 42.1%, from approximately HK\$3.8 million for the year ended 31 March 2015 to approximately HK\$5.4 million for the year ended 31 March 2016. In addition, our gross profit margin for trading of equipment and spare parts segment increased from approximately 27.2% for the year ended 31 March 2015 to approximately 49.9% for the year ended 31 March 2016. The increase in gross profit margin for trading of equipment and spare parts segment was mainly attributable to the increase in gross profit margin of sales of other equipment and spare parts, which was resulted mainly from the increase in sales of used motors from approximately HK\$1.7 million for the year ended 31 March 2015 to approximately HK\$3.7 million for the year ended 31 March 2016. For the years ended 31 March 2015 and 2016, we sold 58 and 141 units of used motors respectively, of which 58 and 121 units were aged over 10 years and had already fully depreciated by the time of being sold. The increase in sales of fully depreciated spare parts led to the overall growth in gross profit margin of our trading business.

Other income

Our other income was approximately HK\$0.8 million and HK\$0.4 million for the years ended 31 March 2015 and 2016, respectively. The decrease was mainly due to the record of gain on disposal of property, plant and equipment of approximately HK\$0.8 million for the year ended 31 March 2015 and no such gain on disposal was recorded for the year ended 31 March 2016.

Administrative expenses

Our administrative expenses decreased by approximately HK\$0.5 million or 7.8% from approximately HK\$6.4 million for the year ended 31 March 2015 to approximately HK\$5.9 million for the year ended 31 March 2016. The decrease was a combined result of (i) the decrease in written off of trade receivables by approximately HK\$1.1 million or 57.9% for the year ended 31 March 2016; (ii) the absence of written off of other receivables of approximately HK\$0.5 million since a supplier did not provide any refund for the goods returned for the year ended 31 March 2015; and partially offset by (i)

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the increase in staff costs by approximately HK\$0.8 million or 38.1% due to the increase in average salary and the increase in headcount of administrative and finance staff from four to six for the year ended 31 March 2016.

[REDACTED] expenses

During the year ended 31 March 2016, we recognised [REDACTED] expenses of approximately HK\$[REDACTED]. For details, please refer to the paragraph headed “[REDACTED] expenses” below.

Finance costs

Our finance costs remained stable at approximately HK\$0.2 million for the years ended 31 March 2015 and 2016.

Income tax expense

Our income tax expense remained stable at approximately HK\$2.3 million and HK\$2.4 million for the years ended 31 March 2015 and 2016, respectively, since our group recorded a similar level of profit before income tax expense for the years ended 31 March 2015 and 2016. Our effective tax rate was approximately 19.0% and 20.3%, respectively, for the years ended 31 March 2015 and 2016. The increase was mainly due to the non-tax deductible [REDACTED] expenses of approximately HK\$[REDACTED] for the year ended 31 March 2016.

Profit and total comprehensive income for the year

As a result of the aforementioned factors, our profit and total comprehensive income for the year slightly decreased by approximately HK\$0.2 million or 2.0% from approximately HK\$9.8 million for the year ended 31 March 2015 to approximately HK\$9.6 million for the year ended 31 March 2016.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources

Our sources of cash are primarily cash generated from operations. Our uses of cash are mainly on financing our operations and working capital requirements and capital expenditures on property, plant and equipment. Going forward, we do not expect any material changes to the underlying drivers of our sources of cash and uses of cash, except for the [REDACTED] from the [REDACTED] which will be used according to our [REDACTED] plan as detailed in the section headed “Future Plans and [REDACTED]” in this document.

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Cash flows

The following table is a summary of our combined statements of cash flows during the Track Record Period:

	For the year ended		For the five months ended	
	31 March		31 August	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)			
Net cash generated from/(used in)				
operating activities	9,676	10,444	(563)	9,326
Net cash used in investing activities	(2,123)	(3,966)	(2,384)	(7,198)
Net cash (used in)/generated from				
financing activities	<u>(905)</u>	<u>4,436</u>	<u>(377)</u>	<u>(4,054)</u>
Net increase/(decrease) in cash and				
cash equivalents	6,648	10,914	(3,324)	(1,926)
Cash and cash equivalents at the				
beginning of the year/period	<u>2,344</u>	<u>8,992</u>	<u>8,992</u>	<u>19,906</u>
Cash and cash equivalents at the end				
of the year/period	<u><u>8,992</u></u>	<u><u>19,906</u></u>	<u><u>5,668</u></u>	<u><u>17,980</u></u>

Operating activities

During the Track Record Period, we derived our cash inflow from operating activities principally from the receipt of revenue generated from rental and trading of suspended working platforms. Our cash outflow used in operating activities was principally for purchase of machinery and parts for rental and trading purpose and operational expenses such as staff cost, machinery and storage and repairing workshop rental expenses as well as depreciation.

For the year ended 31 March 2015, our Group had net cash generated from operating activities of approximately HK\$9.7 million, mainly as a result of operating cash flows of approximately HK\$16.2 million before net negative changes in working capital of approximately HK\$7.3 million and tax refund of approximately HK\$0.8 million. Change in working capital primarily consisted of combined effects of (i) the decrease in amounts due to directors of approximately HK\$10.7 million due to the repayments to directors; (ii) the decrease in trade payables of approximately HK\$2.7 million; and partially offset by (iii) the decrease in inventories of approximately HK\$4.8 million due to the delivery of inventories to the customers.

For the year ended 31 March 2016, our Group had net cash generated from operating activities of approximately HK\$10.4 million, mainly as a result of operating cash flows of approximately HK\$18.9 million before net negative changes in working capital of approximately HK\$5.6 million and tax paid of approximately HK\$2.8 million. Change in working capital primarily consisted of combined effects of (i)

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the decrease in amounts due to directors of approximately HK\$3.8 million due to the repayments to directors; and (ii) the increase in trade receivables of approximately HK\$1.0 million which is consequential to the increase in revenue from rental services.

For the five months ended 31 August 2016, our Group had net cash generated from operating activities of approximately HK\$9.3 million, mainly as a result of operating cash flows of approximately HK\$8.6 million before net positive changes in working capital of approximately HK\$0.7 million. Change in working capital primarily consisted of combined effects of (i) the decrease in trade receivables of approximately HK\$0.9 million; and (ii) the decrease in inventories of approximately HK\$0.7 million due to the delivery of inventories to the customers ; and partially offset by (iii) the increase in prepayment, deposits and other receivables of approximately HK\$0.9 million mainly due to the prepayment of [REDACTED] expenses to professional parties.

Investing activities

During the Track Record Period, we derived our cash outflow used in investing activity was principally for purchase of property, plant and equipment.

For the year ended 31 March 2015, our Group had net cash used in investing activities of approximately HK\$2.1 million primarily attributable to the purchase of machinery and motor vehicles.

For the year ended 31 March 2016, our Group had net cash used in investing activities of approximately HK\$4.0 million primarily attributable to the purchase of machinery and motor vehicles.

For the five months ended 31 August 2016, our Group had net cash used in investing activities of approximately HK\$7.2 million primarily attributable to the purchase of machinery.

Financing activities

During the Track Record Period, we derived our cash outflow from financing activities principally from principal and interest repayment of bank borrowings.

For the year ended 31 March 2015, our Group had net cash used in financing activities of approximately HK\$0.9 million primarily attributable to the principal repayment of bank borrowings of approximately HK\$0.7 million.

For the year ended 31 March 2016, our Group had net cash generated from financing activities of approximately HK\$4.4 million primarily attributable to the proceeds from bank borrowings of approximately HK\$9.8 million partially offset by the payment of new shares [REDACTED] costs of approximately HK\$[REDACTED] and the principal repayment of bank borrowings of approximately HK\$1.1 million.

For the five months ended 31 August 2016, our Group had net cash used in financing activities of approximately HK\$4.1 million primarily attributable to (i) the payment of new shares [REDACTED] cost of approximately HK\$[REDACTED]; (ii) the principal repayment of bank borrowings of approximately HK\$2.1 million; and partially offset by (iii) the proceeds from finance lease payables of approximately HK\$4.6 million in relation to the purchase of tower cranes.

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NET CURRENT ASSETS

The following table sets out the breakdown of our current assets, current liabilities, and net current assets as at the dates indicated.

	As at 31 March		As at 31 August 2016	As at 31 December 2016
	2015	2016	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Current Assets				
Inventories	—	791	181	142
Trade receivables	11,314	11,535	10,129	10,079
Prepayments, deposits and other receivables	602	2,312	4,228	4,558
Cash and cash equivalents	<u>8,992</u>	<u>19,906</u>	<u>17,980</u>	<u>18,573</u>
	<u>20,908</u>	<u>34,544</u>	<u>32,518</u>	<u>33,352</u>
Current Liabilities				
Trade payables	196	73	314	222
Other payables and accruals	1,643	2,245	1,592	6,984
Amounts due to directors	3,824	—	—	—
Amount due to a related company	162	—	3	—
Income tax payable	1,696	627	1,745	954
Finance lease payables	—	—	1,445	2,933
Bank borrowings	<u>6,984</u>	<u>15,674</u>	<u>13,619</u>	<u>11,956</u>
	<u>14,505</u>	<u>18,619</u>	<u>18,718</u>	<u>23,049</u>
Net current assets	<u>6,403</u>	<u>15,925</u>	<u>13,800</u>	<u>10,303</u>

Our current assets consist primarily of trade receivables, prepayments, deposits and other receivables and cash and cash equivalents. Our current liabilities consist primarily of accruals and deposits received and bank borrowings. Our net working capital improved during the year ended 31 March 2016. Our Group’s net current assets increased from approximately HK\$6.4 million as at 31 March 2015 to approximately HK\$15.9 million as at 31 March 2016. The increase was primarily attributable to (i) the increase in cash and cash equivalents of approximately HK\$10.9 million as a result of the cash inflow generated from operation; (ii) the decrease in amounts due to directors of approximately HK\$3.8 million due to the repayments to directors; and (iii) the increase in prepayments, deposits and other receivables of approximately HK\$1.7 million mainly in relation to the prepayment of [REDACTED] expenses and partially offset by the increase in bank borrowings of approximately HK\$8.7 million.

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Our Group's net current assets decreased from approximately HK\$15.9 million as at 31 March 2016 to approximately HK\$13.8 million as at 31 August 2016. The decrease was primarily attributable to the decrease in cash and cash equivalents of approximately HK\$1.9 million as a result of the purchase of machinery.

ANALYSIS OF SELECTED COMBINED STATEMENT OF FINANCIAL POSITION ITEMS

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly represented plant and machinery, motor vehicles, furniture and equipment. As at 31 March 2015 and 2016 and 31 August 2016, our property, plant and equipment amounted to approximately HK\$11.8 million, HK\$13.3 million and HK\$19.0 million, respectively. The fluctuation was mainly due to the purchase of machinery and motor vehicles offset by depreciation during the Track Record Period.

During the Track Record Period, our Group and a business partner jointly own and operate a tower crane under a contractual arrangement. According to the arrangement, each party is entitled to 50% ownership of the tower crane and 50% of the gross rental income generated from the leasing of the tower crane after deducting the maintenance cost incurred by the business partner such as staff cost on service and maintenance and insurance costs (if any). As at 31 March 2015 and 2016 and 31 August 2016, the net asset value of our portion of tower crane was approximately HK\$2.0 million, HK\$1.8 million and HK\$1.7 million, respectively.

Inventories

During the Track Record Period, our inventories mainly represented permanent suspended working platforms for trading purpose. Our inventories are stated at the lower of cost and net realisable value. The following table sets out the inventory turnover days for the Track Record Period:

	For the year ended		For the
	31 March		five months
	2015	2016	ended
			31 August
			2016
Inventory turnover days (<i>note</i>)	—	53	18

Note: Inventory turnover days equals ending balance of inventories divided by the cost of inventories sold for the relevant year/period multiplied by the number of days in the relevant year/period.

As at 31 March 2015 and 2016 and 31 August 2016, our inventories amounted to nil, approximately HK\$0.8 million and HK\$0.2 million, respectively. Inventory turnover days for the years ended 31 March 2015 and 2016 were nil, approximately 53 days and 18 days, respectively. The increase in our inventories and inventory turnover days were mainly due to nine units of permanent suspended working platforms were recorded as at 31 March 2016 which are expected to be delivered to customers upon further notice by our customers. The subsequent decrease in our inventories and inventory turnover days were mainly due to nine units of permanent suspended working platforms were delivered to customers during the five months ended 31 August 2016.

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As at 31 December 2016, approximately HK\$39,000 or approximately 21.5% of the inventories as at 31 August 2016 had been subsequently delivered to customers.

Trade receivables

Our trade receivables mainly represent the balances due from our customers. Our trade receivables amounted to approximately HK\$11.3 million, HK\$11.5 million and HK\$10.1 million as at 31 March 2015 and 2016 and 31 August 2016, respectively.

The following table sets out the aged analysis of our trade receivables, net of impairment losses, as at the dates indicated:

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
Neither past due nor impaired	2,634	3,257	3,036
Past due but not impaired:			
Less than 1 month	4,664	3,696	3,326
1 to 3 months	667	1,259	1,584
4 to 6 months	1,023	1,583	407
More than 6 months but less than 12 months	707	1,740	645
More than 1 year	<u>1,619</u>	<u>—</u>	<u>1,131</u>
	<u><u>11,314</u></u>	<u><u>11,535</u></u>	<u><u>10,129</u></u>

The following table sets out the trade receivables turnover days for the Track Record Period:

	For the year ended		For the
	31 March		five months
	2015	2016	ended
Trade receivables turnover days (<i>note</i>)	<u>92</u>	<u>92</u>	<u>ended</u>
			31 August
			2016
	<u><u>92</u></u>	<u><u>92</u></u>	<u><u>81</u></u>

Note: Trade receivables turnover days equal ending balance of trade receivables divided by revenue for the relevant year/period multiplied by the number of days in the relevant year/period.

Trade receivables turnover days remained stable at approximately 92 days for the years ended 31 March 2015 and 2016 and decreased to approximately 81 days for the five months ended 31 August 2016. The improvement of our trade receivables turnover days was primarily due to our Group's continuous effort to strengthen the collection of trade receivables.

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The debtors' turnover days during the Track Record Period were longer than the general credit terms of 30 days granted to our customers because some of our customers which are more sizable construction contractors exhibited a slower payment pattern as they normally settled the bills in accordance with their own settlement policies instead of the credit period granted. We closely review our trade receivables balance and any overdue balances on an ongoing basis. Provision for impairment of trade receivables is made when there is objective evidence (such as significant financial difficulties of the debtor or substantial budget overrun of the debtor) that our Group would not be able to collect the amounts due under the original terms of the invoice. We review the collectability of our trade receivables on a case-by-case basis to determine if any write off for trade receivables is necessary.

To deal with material overdue payments, we have adopted procedures which include (i) close monitoring of material overdue payments; (ii) evaluation of the risk level based on our relationship with relevant customer, its payment history and financial position; and (iii) designing of appropriate follow-up actions (for example, making phone calls, issuing demand letters, visiting customer's office and initiating legal proceedings or actions). If any trade receivable is overdue for more than 12 months, this debt is highlighted by our accounting staff for assessment by our Directors and/or senior management about the recoverability of such overdue trade receivable. The assessment is done based on, among other things, the evaluation of collectability, ageing analysis of the receivables, the ultimate realization of these outstandings, the current creditworthiness, the past collection history of and our Group's current and potential future business relationship with each customer. If our Directors and/or senior management consider the recoverability of such debt is doubtful, such debt is written off. For the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, we recorded written off of trade receivables of approximately HK\$1.9 million, HK\$0.8 million and HK\$0.5 million, respectively.

Based on the above and the fact that these customers have been continuously settling our bills and impairment loss had been made, our Directors considered that there was no collectability issue in relation to such outstanding trade receivables and, accordingly, no further significant impairment is necessary.

As at 31 December 2016, approximately HK\$8.3 million, or approximately 82.0% of the trade receivables balances as at 31 August 2016 had been subsequently settled.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables mainly consist of prepayments and deposits.

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The following table sets out the breakdown of our prepayments, deposits and other receivables as at the dates indicated.

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments	1,121	2,029	4,441
Deposits	231	268	267
Other receivables	561	15	2
Less: provision for impairment	<u>(500)</u>	<u>—</u>	<u>—</u>
	1,413	2,312	4,710
Less: Non-current portion	<u>(811)</u>	<u>—</u>	<u>(482)</u>
	<u><u>602</u></u>	<u><u>2,312</u></u>	<u><u>4,228</u></u>

Our prepayments, deposits and other receivables amounted to approximately HK\$0.6 million, HK\$2.3 million and HK\$4.2 million as at 31 March 2015 and 2016 and 31 August 2016, respectively. As at 31 March 2016 and 31 August 2016, prepayments mainly represented the prepayment of [REDACTED] expenses to professional parties of approximately HK\$[REDACTED] and HK\$[REDACTED], respectively. Deposits primarily include rental deposits and utility deposit.

Prepayments, deposits and other receivables increased by approximately HK\$1.7 million or 283.3% from approximately HK\$0.6 million as at 31 March 2015 to approximately HK\$2.3 million as at 31 March 2016, which was mainly due to the prepayment of [REDACTED] expenses to professional parties as mentioned above. Our prepayments, deposits and other receivables further increased to approximately HK\$4.2 million as at 31 August 2016, which was mainly due to the prepayment of [REDACTED] expenses to professional parties as mentioned above and the increase in prepayment for staff insurance.

Trade payables

Our trade payables primarily represent amounts payable to suppliers. Our credit period from suppliers ranges from 0 to 90 days and the trade payables are non-interest bearing. Our trade payables amounted to approximately HK\$196,000, HK\$73,000 and HK\$314,000 as at 31 March 2015 and 2016 and 31 August 2016, respectively.

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The following table sets out the aged analysis of trade payables based on invoice date as at the dates indicated:

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	193	50	253
More than 1 month but not more than 3 months	1	23	—
More than 3 months but not more than 6 months	2	—	61
	196	73	314

The following table sets out the trade payables turnover days for the Track Record Period:

	For the year ended		For the
	31 March		five months
	2015	2016	ended
			31 August
			2016
Trade payables turnover days (<i>note</i>)	3	1	5

Note: Trade payables turnover days equal ending balance of trade payables divided by the cost of sales and services rendered for the relevant year/period multiplied by the number of days in the relevant year/period.

Trade payables turnover days for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 were approximately three days, one day and five days, respectively. Our trade payables turnover days remained stable during the Track Record Period.

As at 31 December 2016, the trade payables balances as at 31 August 2016 had been fully settled.

Other payables and accruals

Other payables and accruals mainly represent other payables and accrual expenses and customers' deposits received. Other payables and accrual expenses primarily include the accrual for staff salaries, [REDACTED] expenses and audit fee.

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The following table sets out the breakdown of our other payables and accruals as at the dates indicated.

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other payables and accrual expenses	1,155	1,966	1,592
Customers' deposits received	<u>488</u>	<u>279</u>	<u>—</u>
	<u>1,643</u>	<u>2,245</u>	<u>1,592</u>

Our other payables and accruals amounted to approximately HK\$1.6 million, HK\$2.2 million and HK\$1.6 million as at 31 March 2015 and 2016 and 31 August 2016, respectively. The increase of approximately HK\$0.6 million or approximately 37.5% from approximately HK\$1.6 million as at 31 March 2015 to approximately HK\$2.2 million as at 31 March 2016, which was mainly due to the accrual of [REDACTED] expenses of approximately HK\$[REDACTED] as at 31 March 2016. Our other payables and accruals decreased to approximately HK\$1.6 million as at 31 August 2016 was primarily attributable to the settlement of the accrued [REDACTED] expenses.

INDEBTEDNESS

The following table sets out our indebtedness as at the dates indicated:

	As at 31 March		As at	As at
	2015	2016	31 August	31 December
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Current liabilities				
Amounts due to directors	3,824	—	—	—
Amount due to a related company	162	—	3	—
Finance lease payables	—	—	1,445	2,933
Bank borrowings	<u>6,984</u>	<u>15,674</u>	<u>13,619</u>	<u>11,956</u>
Non-current liabilities				
Finance lease payables	<u>—</u>	<u>—</u>	<u>3,037</u>	<u>5,384</u>
Total indebtedness	<u>10,970</u>	<u>15,674</u>	<u>18,104</u>	<u>20,273</u>

Except as disclosed in this paragraph headed “Indebtedness” in this section, our Group did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or

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acceptance credits or any guarantees or other material contingent liabilities outstanding as at the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness as at the Latest Practicable Date.

Amounts due to directors

As at 31 March 2015, amounts due to Mr. H.K. Tang and Ms. Au were approximately HK\$3.0 million and HK\$0.8 million, respectively. Such amounts were unsecured, interest-free and repayable on demand. All the amounts due to directors had been fully settled in March 2016.

Amount due to a related company

As at 31 March 2015, amount due to a related company, Harvest Team International Limited (“**Harvest Team (HK)**”), was approximately HK\$162,000. Such amount represented the rental of motor vehicle payable to Harvest Team (HK) and was unsecured, interest-free and repayable on demand. Such amount due to Harvest Team (HK) had been fully settled in March 2016.

As at 31 August 2016, amount due to a related company, Maysun Jewellery Manufacturing Company Limited (“**Maysun**”), was approximately HK\$3,000. Such amount represented the fee payable in relation to the provision of the registered office and correspondence address by Maysun and was unsecured, interest-free and repayable on demand. Such amount due to a related company had been fully settled in October 2016. For details, please refer to the section headed “Connected Transactions” in this document.

Finance lease payables

Our Group purchase certain property, plant and equipment under finance leases during the Track Record Period. The following table sets out the outstanding finance lease payables as at the dates indicated.

	As at 31 March 2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	As at 31 August 2016 <i>HK\$'000</i>	As at 31 December 2016 <i>HK\$'000</i> (unaudited)
Present value of minimum lease payables				
Within one year	—	—	1,445	2,933
In the second to fifth years, inclusive	—	—	3,037	5,384
	<u>—</u>	<u>—</u>	<u>4,482</u>	<u>8,317</u>

The amount of finance leases payables was nil, nil and approximately HK\$4.5 million as at 31 March 2015 and 2016 and 31 August 2016, respectively. Our Group purchased two tower cranes during the five months ended 31 August 2016 resulting in the increase in finance lease payables of approximately HK\$4.5 million as at 31 August 2016.

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The lease term is 3 years, with effective interest rate of approximately 6.3% per annum. All the leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Our Group’s obligations under finance leases are secured by personal guarantee of Mr. H.K. Tang and Ms. Au, which will be released and replaced by the corporate guarantee of our Company upon [REDACTED].

Bank borrowings

As at 31 March 2015 and 2016 and 31 August 2016, we had bank borrowings of approximately HK\$7.0 million, HK\$15.7 million and HK\$13.6 million, respectively, which were all denominated in HK\$. As at 31 March 2015 and 2016 and 31 August 2016, our secured bank borrowings were repayable as follows:

	As at 31 March		As at 31 August 2016	As at 31 December 2016
	2015	2016	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Bank borrowings due for repayment within one year	738	4,980	5,047	3,956
Bank borrowings due for repayment after one year which contain a repayment on demand clause	6,246	10,694	8,572	8,000
	6,984	15,674	13,619	11,956

Our bank borrowings increased significantly from approximately HK\$7.0 million as at 31 March 2015 to approximately HK\$15.7 million as at 31 March 2016. The increase in bank borrowings was mainly attributable to the additional funding requirement for future purchase of equipment in relation to our rental business. Our bank borrowings decreased from approximately HK\$15.7 million as at 31 March 2016 to approximately HK\$13.7 million as at 31 August 2016. The decrease in bank borrowings was primarily due to the repayment of the bank borrowings during the five months ended 31 August 2016. The bank borrowings were drawn under general banking facilities (the “**Facilities**”) made available by a bank in Hong Kong to the total extent of approximately HK\$17.8 million. Interest is charged at prime rate minus 1.75% to 2.75% as at 31 August 2016.

The Facilities were secured by the personal guarantee given by Mr. H.K. Tang and Ms. Au and a property held by Ms. Au, which will be released and replaced by the corporate guarantee of our Company upon [REDACTED].

As at 31 March 2015 and 2016, 31 August 2016 and 31 December 2016, all banking facilities had been fully utilised, respectively.

FINANCIAL INFORMATION

Our Directors confirmed that there were no material covenants or any breach in financial covenants relating to our Group's outstanding bank borrowings and no material defaults by our Group in payment of its bank borrowings during the Track Record Period.

TAX LIABILITIES

Our Group's income tax expense for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 were approximately HK\$2.3 million, HK\$2.4 million and HK\$1.2 million, respectively. Our Group's tax liabilities as at 31 March 2015 and 2016 and 31 August 2016 were approximately HK\$1.7 million, HK\$0.6 million and HK\$1.7 million, respectively.

Our Group's income tax refund during the year ended 31 March 2015 was approximately HK\$0.8 million and our Group's income tax paid during the year ended 31 March 2016 was approximately HK\$2.8 million. Such income taxes were assessed and computed by the Inland Revenue Department of Hong Kong (the "IRD") based on tax returns filed by our Company's subsidiary for the respective years of assessment, which were in turn prepared by our Group in accordance with the statutory financial statements of our Company's subsidiary for the year ended 31 March 2014 ("**2014 accounts**") audited by the predecessor auditor and for the year ended 31 March 2015 ("**2015 accounts**") audited by the existing auditor. During the Track Record Period, our Group has fully settled our tax liabilities as required by the then assessment raised by the IRD amounting to approximately HK\$1.1 million for final assessment for the year of assessment 2014/15 and approximately HK\$1.7 million for provisional payment for the year of assessment 2015/16.

In preparing the 2015 accounts, prior year adjustments were made for the accounting errors in the 2014 accounts whereby certain financial figures were restated. In addition, offshore claim (i.e. a claim to treat certain income as sourced outside Hong Kong and not liable to Hong Kong profits tax) was lodged in the profits tax return for the year of assessment 2014/15 of our Company's subsidiary in respect of certain rental income derived by our Company's subsidiary on the basis that the equipment concerned were used by the lessee outside Hong Kong. Notice of assessment was issued by the IRD in accordance with the profits tax return filed for the year of assessment 2014/15. As part of the offshore claim, the management of our Group had identified that depreciation allowances on certain equipment have been over-claimed in the profits tax return for the year of assessment 2013/14 as the equipment concerned was used to generate the offshore non-taxable rental income. In addition, the amount of annual allowance has been understated in the original profits tax return filed for the year of assessment 2014/15 due to revision in certain models of the machinery being used to generate offshore rental income. In preparing the revised tax computation for the year of assessment 2013/14 to take into account of the errors or omissions in the original profits tax return filed to the IRD, our Company's subsidiary found that it has understated its offshore income in the original profits tax return for the year of assessment 2014/15 filed with the IRD.

As a result of the foregoing, the tax undercharged was approximately HK\$0.4 million for the year of assessment 2014/15. The amount of tax undercharged is subject to the review and agreement by the IRD. Taking into account of materiality, the tax undercharged of approximately HK\$0.4 million has been provided in the combined statements of comprehensive income for the year ended 31 March 2016.

In this regard, our Group has obtained a Hong Kong tax opinion (the "**Tax Opinion**") issued by BDO Tax Limited with respect to the amount of tax undercharged and the potential penalty that may be imposed on our Company's subsidiary by the IRD. Based on the Tax Opinion, BDO Tax Limited opines

FINANCIAL INFORMATION

that it appears no evidence of willful intention to evade tax in the present case, i.e. section 82 of the IRO, which related to fraud and willful evasion, may not be applicable. The IRD may assess this case as “filing incorrect returns or statements without reasonable excuse” and the penalty provisions under sections 80 and 82A of the IRO are applicable. BDO Tax Limited also opines that in all the circumstances of this case, in particular the absence of clear evidence of our Group’s intention to evade tax, the IRD may consider the case as “recklessness” in determining the penalty loading. The potential tax penalty under section 82A may be in the range of HK\$44,377 (HK\$443,776 x 10%) plus interest to HK\$199,699 (HK\$443,776 x 45%) according to the Penalty Policy from the IRD website. The final decision shall be at the discretion of the Commissioner of Inland Revenue. Our Company’s subsidiary has the right to appeal against the IRD’s decision. The Controlling Shareholders have agreed to indemnify our Group in respect of any further tax liability and/or the resulting penalty as assessed by the IRD in relation to the tax undercharged for which our Group may be liable. For details in relation to the indemnity, please refer to the paragraph headed “E. Other information — 1. Tax and other indemnities” in Appendix IV to this document.

Our Company’s subsidiary has made a voluntary filing of the revised profits tax computations for the years of assessment 2013/14 and 2014/15 to the IRD on 14 June 2016. As at the Latest Practicable Date, IRD is still in the process of reviewing the information and documents submitted by the Company’s subsidiary and has been requesting further information and supporting documents in relation to the revised profits tax computations.

With respect to the aforesaid errors, our Directors consider that it was mainly due to the inadvertent oversight of the accounting staff responsible for the preparation of the statutory financial statements. Our Group has appointed Mr. Chan Kam Man, a Certified Public Accountant, as the financial controller on 1 April 2016 to oversee the accounting function of our Group. Given that Mr. Chan has more than 30 years of experience in accounting, auditing and company secretarial matters, which garnered him expertise and experience in preparing financial information in compliance with the Hong Kong Financial Reporting Standards and preventing the reoccurrence of similar errors in future. Our Group has also appointed BDO Tax Limited as tax representative commencing year of assessment 2014/15 to ensure compliance with the IRO.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, our Group did not have any material contingent liabilities that will have a material adverse effect on our financial position, liquidity or result of operation.

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CONTRACTUAL COMMITMENTS

Operating lease commitment

Our Group leases a storage and repairing workshop under an operating leases which does not include contingent rentals. The total future minimum lease payments payable by our Company under non-cancellable operating lease are as follows:

	As at 31 March		As at 31 August 2016	As at 31 December 2016
	2015	2016	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(unaudited)
Not later than one year	756	1,164	1,164	1,164
Later than one year and not later than five years	—	873	388	—
	756	2,037	1,552	1,164

Other than operating lease commitments, our Group had no other capital commitments as at 31 March 2015 and 2016, 31 August 2016 and the Latest Practicable Date. Our Directors do not expect the adoption of HKFRS 16 would result in significant impact on our Group’s financial performance but it is expected that certain portion of these lease commitments will be required to be recognised in the combined statement of financial position as right-to-use assets and lease liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, our Directors confirm that we had not entered any off-balance sheet arrangement.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, [REDACTED] commission and fees, incurred in connection with our Company’s [REDACTED]. Assuming the [REDACTED] is not exercised and assuming the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range, [REDACTED] expenses to be borne by our Company, which are non-recurring in nature, are estimated to be approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] is directly attributable to the issue of new [REDACTED] and to be accounted for as a deduction from equity, and approximately HK\$[REDACTED] has been or is expected to be reflected in our combined statements of comprehensive income. Approximately HK\$[REDACTED] and HK\$[REDACTED] of the [REDACTED] expenses in relation to services already performed has been reflected in the combined statements of comprehensive income of our Group for the year ended 31 March 2016 and the five months ended 31 August 2016, respectively, and the remaining amount of approximately HK\$[REDACTED] is expected to be reflected in the combined statements of comprehensive income of our Group after the Track Record Period.

The [REDACTED] expenses mentioned above are the latest practicable estimate for reference only and the actual amount may differ from this estimate. Our results of operations for the year ending 31 March 2017 is expected to be adversely affected by the non-recurring [REDACTED] expenses in connection with the [REDACTED].

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WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into consideration the financial resources presently available to our Group, including internal resources and the estimated [REDACTED] from the [REDACTED], our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this document.

OTHER KEY FINANCIAL RATIOS

	As at/For the year ended		As at/ For the five months ended
	31 March		31 August
	2015	2016	2016
Current ratio ⁽¹⁾	1.4 times	1.9 times	1.7 times
Gearing ratio ⁽²⁾	39.6%	57.6%	64.4%
Net gearing ratio ⁽³⁾	N/A	N/A	0.4%
Return on equity ⁽⁴⁾	55.7%	35.1%	7.9%
Return on total assets ⁽⁵⁾	29.3%	20.0%	4.3%
Interest coverage ⁽⁶⁾	66.9 times	64.2 times	11.6 times
Gross profit margin ⁽⁷⁾	40.3%	46.8%	53.6%
Net profit margin ⁽⁸⁾	22.1%	21.2%	4.9%

Notes:

- (1) Current ratio is calculated based on total current assets divided by total current liabilities.
- (2) Gearing ratio is calculated based on total debt (included finance lease payables) divided by total equity and multiplied by 100%.
- (3) Net gearing ratio is calculated by total debt (included finance lease payables) net of cash and cash equivalents divided by total equity and then multiplied by 100%.
- (4) Return on equity equals profit for the year divided by ending balance of total equity of the relevant year and multiplied by 100%. Return on total equity as at 31 August 2016 has been annualised by dividing the profit for the period by 150 days and multiplied by 360 days.
- (5) Return on total assets equals profit for the year divided by ending balance of total assets of the relevant year and multiplied by 100%. Return on total assets as at 31 August 2016 has been annualised by dividing the profit for the period by 150 days and multiplied by 360 days.
- (6) Interest coverage equals profit before interest and tax divided by interest expenses for the relevant year/period.
- (7) Gross profit margin is calculated based on the gross profit for the year/period divided by total revenue for the year/period and multiplied by 100%.
- (8) Net profit margin is calculated based on the profit for the year/period divided by total revenue for the year/period and multiplied by 100%.

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Current ratio

Our current ratio increased from approximately 1.4 times as at 31 March 2015 to approximately 1.9 times as at 31 March 2016. This was primarily due to the increase in our cash and cash equivalents resulted from the cash inflow generated from operation. Our current ratio decreased from approximately 1.9 times as at 31 March 2016 to approximately 1.7 times as at 31 August 2016. This was primarily due to the decrease in cash and cash equivalents of approximately HK\$1.9 million as a result of the purchase of machinery.

Gearing ratio

Our gearing ratio increased from approximately 39.6% as at 31 March 2015 to approximately 57.6% as at 31 March 2016. This was mainly due to the new bank loans borrowed during the year ended 31 March 2016 for future purchase of equipment in relation to our rental business. Our gearing ratio further increased to approximately 64.4% as at 31 August 2016, which was mainly due to the finance lease arrangement of approximately HK\$4.5 million entered into during the five months ended 31 August 2016 for the purchase of tower cranes.

Net gearing ratio

Net gearing ratio was not applicable to our Group as at 31 March 2015 and 2016 as we were in net cash positions. As at 31 August 2016, a net gearing ratio of 0.4% was recorded which was mainly due to the finance lease arrangement of approximately HK\$4.5 million entered into during the five months ended 31 August 2016 for the purchase of tower cranes.

Return on equity

We recorded a decrease in return on equity from approximately 55.7% for the year ended 31 March 2015 to approximately 35.1% for the year ended 31 March 2016 which was primarily attributable to the increase in our equity as a result of the accumulation of profit during the Track Record Period while our profit for each of the years ended 31 March 2015 and 2016 remained relatively stable. Our return on equity further decreased to approximately 7.9% for the five month ended 31 August 2016. This was primarily attributable to the decrease in our profit for the five months ended 31 August 2015 due to [REDACTED] expenses.

Return on total assets

Our return on total assets decreased from approximately 29.3% for the year ended 31 March 2015 to approximately 20.0% for the year ended 31 March 2016. This was primarily attributable to the increase in our total assets resulted from the cash inflow generated from operation as discussed above for the year ended 31 March 2016 while our profit for each of the years ended 31 March 2015 and 2016 remained relatively stable. Our return on total assets further decreased to approximately 4.3% for the five month ended 31 August 2016. This was primarily attributable to (i) the decrease in our profit for the five months ended 31 August 2016 due to [REDACTED] expenses; and (ii) the increase in our total assets resulted from the purchase of machinery for the five month ended 31 August 2016.

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Interest coverage

Our interest coverage decreased slightly from approximately 66.9 times for the year ended 31 March 2015 to approximately 64.2 times for the year ended 31 March 2016. This was primarily attributable to the slightly decrease in our profit before interest and tax for the year ended 31 March 2016 as discussed above while our finance cost remained stable for each of the years ended 31 March 2016. Our interest coverage further decreased to approximately 11.6 times for the five month ended 31 August 2016. This was primarily attributable to (i) the decrease in our profit before interest and tax for the five months ended 31 August 2016 due to [REDACTED] expenses; and (ii) the increase in our finance costs due to the increase in our finance lease payables.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in the Accountants' Report in Appendix I to this document, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

Our Directors are of the view that the aforesaid related party transactions did not distort our financial results during the Track Record Period or cause our Track Record Period results to be unreflective of our future performance.

DISTRIBUTABLE RESERVES

As at 31 August 2016, our Company did not have any distributable reserve available for distribution to our Shareholders.

DIVIDEND

Our Company currently does not have a dividend policy and may distribute dividends by way of cash or by other means that our Directors consider appropriate.

During the year ended 31 March 2015, Hing Ming declared dividends of HK\$8.0 million to the individual shareholders. During the same financial year, such dividend was set off by current accounts with the Directors. All such dividends had been fully settled and we financed the payment of such dividends by internal resources. Our distribution of dividends, in the future, if any, will depend on the results of our operations, cash flows, financial conditions, statutory and regulatory restrictions as aforementioned and other factors that we may consider relevant, and is subject to our discretion. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are in the normal course of our business and are exposed to various types of market risks as follows. For more details, please refer to Appendix I to this document.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to our Group. Our exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

We continuously monitor defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. Our policy is to deal only with creditworthy counterparties.

We have a certain concentration of credit risk, the balance due from the our largest customer amounted to approximately 5.5%, 44.3% and 38.7% of the total trade receivables at 31 March 2015 and 2016 and 31 August 2016, respectively. The balances due from the our five largest customers amounted to approximately 63.9%, 89.0% and 89.5% of the total trade receivables at 31 March 2015 and 2016 and 31 August 2016, respectively.

Interest rate risk

We are exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and bank borrowings. Our Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, our management will consider hedging significant interest rate exposure should the need arise. Please refer to note 32(b) in the Accountants' Report in Appendix I to this document for details on the interest rate profile of our Group's financial assets and liabilities.

Liquidity risk

Liquidity risk relates to the risk that we will not be able to meet its obligations associated with its financial liabilities. Our Group is exposed to liquidity risk in respect of settlement of trade and other payables, and also in respect of its cash flow management. Our objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Our Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major banks and financial institutions to meet its liquidity requirements in the short and longer terms. Please refer to note 32(c) in the Accountants' Report in Appendix I to this document for details on the remaining contractual maturities at the end of the reporting period of our Group's financial liabilities.

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UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please see the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this document for further details.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances which would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

OUR LATEST DEVELOPMENT SUBSEQUENT TO THE TRACK RECORD PERIOD

We are aware of the recent delayed commencement of infrastructure and public building construction projects in Hong Kong due to the failure or delay of passing of funding by the committees of the Legislative Council (the “**Political Filibuster**”). Nevertheless, according to the Frost & Sullivan Report, the Political Filibuster shall not materially impact on the government’s long term supporting policy on the development of public building construction and infrastructure. Taken into account the above and the growth drivers identified in the Frost & Sullivan Report, it is expected that although the estimated annual growth rate of temporary suspended working platform leasing value is predicted to decrease from 8% in 2015 to 3.7% in 2016, the estimated annual growth rate from 2016 to 2020 remains steady, with a range of 3.7% to 4.1%, and tower crane leasing market value is likely to reach HK\$367.7 million in 2020, representing a CAGR of 4.6% from 2015 to 2020. Based on the foregoing and given our revenue attributable to public sector increased from HK\$7.7 million for the five months ended 31 August 2015 to HK\$12.4 million for the five months ended 31 August 2016, our Directors are of the view that the Political Filibuster do not impose material impact on our Group in long term.

For our temporary suspended working platform rental services, our Group recorded an utilization rate of 71.9% for the nine months ended 31 December 2016 and a rent-out rate of 61.6% as at 31 December 2016. Such utilisation rate and rent-out rate are lower than those during the Track Record Period because a major residential building construction project in Tseung Kwan O has been delayed. Our Directors were given to understand from our customer, which is the main contractor of such project, that it has misestimated the construction project schedule and the actual construction progress of such project has been falling behind the original schedule. As a result, the majority of the relevant temporary suspended working platforms designated for such project have been stored in our workshop pending for deployment. As the construction process of such project has been speeding up after the Chinese new year holiday in 2017, it is expected that there will be an increasing deployment of such temporary suspended working platforms to our customer’s work site from March 2017.

Subsequent to the Track Record Period, we were awarded six rental agreements for temporary suspended working platforms, generators and tower cranes, with total estimated contract sum of HK\$7.3 million. For details, please refer to the section headed “Business — Projects — Project backlog” of this document. In order to capture more market demand of rental services for tower crane, we have recently submitted a tower crane rental quotation on a project located in Fanling, which involves two tower cranes.

FINANCIAL INFORMATION

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, save for the [REDACTED] expenses to be incurred as stated in the paragraphs headed “[REDACTED] expenses” in this section, (i) there were no material adverse changes in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position since 31 August 2016 and up to the date of this document; (ii) there was no material adverse change in the trading and financial position or prospects of our Group since 31 August 2016 and up to the date of this document; and (iii) no event had occurred since 31 August 2016 and up to the Latest Practicable Date that would materially and adversely affect the information shown in the Accountants’ Report set out in Appendix I to this document.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] ARRANGEMENTS AND EXPENSES

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

[REDACTED]

[REDACTED]

[REDACTED]

Undertakings pursuant to the [REDACTED]

By our Company

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] interests in our Company

Save for its interests and obligations under the [REDACTED] Agreements and save as disclosed in this document, none of the [REDACTED] or any of its associates is interested beneficially or non-beneficially in any shares in any member of our Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares of any member of our Group.

Compliance Adviser’s agreement

Under a compliance adviser’s agreement dated 27 February 2017 and made between CLC International and our Company (the “**Compliance Adviser’s Agreement**”), our Company appoints CLC International and CLC International agrees to act as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a fee from the [REDACTED] and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the [REDACTED], i.e. the year ending 31 March 2019, or until the agreement is terminated, whichever is earlier.

Sole Sponsor’s interest in our Company

CLC International, being the Sole Sponsor, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save for the advisory and documentation fees to be paid to CLC International as the Sole Sponsor to the [REDACTED], its obligations under the [REDACTED] Agreements and any interests in securities that may be subscribed by it pursuant to the [REDACTED], neither CLC International nor any of its associates has or may, as a result of the [REDACTED], have any interest in any class of securities of our Company or any other company in our Group (including options or rights to subscribe for such securities).

No director or employee of CLC International who is involved in providing advice to our Company has or may, as a result of the [REDACTED], have any interest in any class of securities of our Company or other company in our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the [REDACTED]).

No director or employee of CLC International has a directorship in our Company or any other company in our Group.

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the sole purpose of inclusion in this document, received from the Company’s reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong.



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28 February 2017

The Directors
Hing Ming Holdings Limited
CLC International Limited

Dear Sirs,

We set out below our report on the financial information regarding Hing Ming Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), including the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 (the “Relevant Periods”), and the combined statements of financial position of the Group as at 31 March 2015 and 2016 and 31 August 2016 and the statement of financial position of the Company as at 31 August 2016, together with the notes thereto (collectively the “Financial Information”), and the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows of the Group for the five months ended 31 August 2015 (the “Comparative Financial Information”), prepared on the basis of presentation and preparation set forth in Notes 2 and 3 of Section II below, for inclusion in the document of the Company dated 28 February 2017 (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands on 8 April 2016 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to the group reorganisation as detailed in the subsection headed “Reorganisation” in the section headed “History, Development and Reorganisation” in the Document (the “Reorganisation”), the Company became the holding company of the subsidiaries now comprising the Group.

The Group is principally engaged in the provision of trading, installation and renting of suspended working platforms and other construction equipments in Hong Kong. The Company and its subsidiaries have adopted 31 March as their financial year end date. Particulars of the subsidiaries now comprising the Group are set out in Note 1 of Section II below. The Company has not carried on any business since the date of incorporation, saved for the transactions relating to the Reorganisation.

APPENDIX I

ACCOUNTANTS’ REPORT

No audited financial statements have been prepared for the Company since its date of incorporation as it is newly incorporated and has not carried on any business, other than the Reorganisation as referred to above. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation. The details of the statutory auditors of these companies are set out in Note 1 of Section II below.

For the purpose of this report, the directors of the Company (the “Directors”) have prepared the combined financial statements of the Group for the Relevant Periods (the “Underlying Financial Statements”) in accordance with the basis of presentation and preparation set out in Notes 2 and 3 of Section II below and the accounting policies set out in Note 5 of Section II below which conform with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Financial Information has been prepared by the Directors based on the Underlying Financial Statements on the basis of presentation and preparation set out in Notes 2 and 3 of Section II below, after making such adjustment as appropriate.

Respective responsibilities of Directors and reporting accountant in respect of the Financial Information

The Directors are responsible for the contents of the Document including the preparation of the Financial Information that give a true and fair view in accordance with the basis of presentation and preparation set out in Notes 2 and 3 of Section II below and the accounting policies set out in Note 5 of Section II below, the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

For the purpose of the Financial Information, our responsibility is to form an independent opinion on the Financial Information based on our procedures performed on the Financial Information and to report our opinion to you.

For the purpose of the Comparative Financial Information, our responsibility is to form a review conclusion on the Comparative Financial Information based on our procedures performed on the Comparative Financial Information and to report our review conclusion to you.

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Procedures performed in respect of the Underlying Financial Statements and the Financial Information

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (“HKSA’s”) issued by the HKICPA and have examined the Financial Information of the Group and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

Procedures performed in respect of the Comparative Financial Information

For the purpose of this report, we have also performed a review of the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the Comparative Financial Information. A review is substantially less in scope than an audit conducted in accordance with HKSA’s and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Comparative Financial Information.

Opinion in respect of the Financial Information

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis of presentation and preparation set out in Notes 2 and 3 of Section II below and in accordance with the accounting policies set out in Note 5 of Section II below, gives a true and fair view of the financial position of the Company as at 31 August 2016 and the combined financial position of the Group as at 31 March 2015 and 2016 and 31 August 2016 and of the combined financial performance and the combined cash flows of the Group for the Relevant Periods.

Review conclusion in respect of the Comparative Financial Information

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

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I. FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

	<i>Notes</i>	Year ended 31 March		Five months ended 31 August	
		2015	2016	2015	2016
		<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Revenue	8	44,455	45,017	18,612	18,795
Cost of sales and services rendered		<u>(26,532)</u>	<u>(23,952)</u>	<u>(12,120)</u>	<u>(8,722)</u>
Gross profit		17,923	21,065	6,492	10,073
Other income	9	829	369	15	18
Administrative expenses		(6,437)	(5,874)	(2,510)	(2,924)
[REDACTED] expenses		—	[REDACTED]	—	[REDACTED]
Finance costs	10	<u>(184)</u>	<u>(190)</u>	<u>(72)</u>	<u>(197)</u>
Profit before income tax expense	11	12,131	12,002	3,925	2,086
Income tax expense	12	<u>(2,299)</u>	<u>(2,440)</u>	<u>(660)</u>	<u>(1,164)</u>
Profit and total comprehensive income for the year/ period		<u>9,832</u>	<u>9,562</u>	<u>3,265</u>	<u>922</u>

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Combined Statements of Financial Position

		As at 31 March		As at
		2015	2016	31 August
	Notes	HK\$’000	HK\$’000	2016
				HK\$’000
Non-current assets				
Property, plant and equipment	16	11,781	13,317	18,965
Deposit for acquisition of property, plant and equipment	19	<u>811</u>	<u>—</u>	<u>482</u>
		12,592	13,317	19,447
Current assets				
Inventories	17	—	791	181
Trade receivables	18	11,314	11,535	10,129
Prepayments, deposits and other receivables	19	602	2,312	4,228
Cash and cash equivalents	20	<u>8,992</u>	<u>19,906</u>	<u>17,980</u>
		<u>20,908</u>	<u>34,544</u>	<u>32,518</u>
Current liabilities				
Trade payables	21	196	73	314
Other payables and accruals	22	1,643	2,245	1,592
Amounts due to directors	23	3,824	—	—
Amount due to a related company	23	162	—	3
Income tax payable		1,696	627	1,745
Finance lease payables	24	—	—	1,445
Bank borrowings	25	<u>6,984</u>	<u>15,674</u>	<u>13,619</u>
		<u>14,505</u>	<u>18,619</u>	<u>18,718</u>
Net current assets		<u>6,403</u>	<u>15,925</u>	<u>13,800</u>
Total assets less current liabilities		<u>18,995</u>	<u>29,242</u>	<u>33,247</u>
Non-current liabilities				
Finance lease payables	24	—	—	3,037
Deferred tax liabilities	31	<u>1,351</u>	<u>2,036</u>	<u>2,082</u>
		<u>1,351</u>	<u>2,036</u>	<u>5,119</u>
Net assets		<u>17,644</u>	<u>27,206</u>	<u>28,128</u>
EQUITY				
Share capital	27	6,000	6,000	6,000
Reserve		<u>11,644</u>	<u>21,206</u>	<u>22,128</u>
		<u>17,644</u>	<u>27,206</u>	<u>28,128</u>

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Statement of financial position

	<i>Note</i>	As at 31 August 2016 HK\$’000
Non-current assets		
Investment in a subsidiary		—
Current assets		
Cash and cash equivalents		—
Current liabilities		
Amount due to a subsidiary	23	21
Net current liabilities		(21)
Total assets less current liabilities		(21)
Net liabilities		(21)
EQUITY		
Share capital	27	—
Accumulated losses		(21)
		(21)

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Combined Statements of Changes in Equity

	Share capital <i>HK\$’000</i> <i>(Note 27)</i>	Retained earnings <i>HK\$’000</i>	Total <i>HK\$’000</i>
At 1 April 2014	6,000	9,812	15,812
Profit and total comprehensive income for the year	—	9,832	9,832
Dividend paid (<i>Note 14</i>)	<u>—</u>	<u>(8,000)</u>	<u>(8,000)</u>
At 31 March 2015 and 1 April 2015	6,000	11,644	17,644
Profit and total comprehensive income for the year	<u>—</u>	<u>9,562</u>	<u>9,562</u>
At 31 March 2016 and 1 April 2016	6,000	21,206	27,206
Issue of share capital (<i>Note 27(b)</i>)	—	—	—
Profit and total comprehensive income for the period	<u>—</u>	<u>922</u>	<u>922</u>
At 31 August 2016	<u>6,000</u>	<u>22,128</u>	<u>28,128</u>
At 31 March 2015 and 1 April 2015	6,000	11,644	17,644
Profit and total comprehensive income for the period	<u>—</u>	<u>3,265</u>	<u>3,265</u>
At 31 August 2015 (unaudited)	<u>6,000</u>	<u>14,909</u>	<u>20,909</u>

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Combined Statements of Cash Flows

	<i>Notes</i>	Year ended 31 March		Five months ended 31 August	
		2015	2016	2015	2016
		<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
				(unaudited)	
Cash flows from operating activities					
Profit before income tax expense		12,131	12,002	3,925	2,086
Adjustments for:					
Bank interest income	9	—	(1)	(1)	(1)
Finance costs	10	184	190	72	197
(Gain)/loss on disposal of property, plant and equipment	9, 11	(792)	19	19	—
Written off of property, plant and equipment	11	5	82	—	3
Written off of trade receivables	11	1,851	805	805	470
Written off of other receivables	11	500	—	—	—
Depreciation	11	2,322	2,402	1,052	1,004
[REDACTED] expenses		—	[REDACTED]	—	[REDACTED]
		16,201	18,867	5,872	8,643
Decrease/(increase) in inventories		4,767	(52)	(221)	672
(Increase)/decrease in trade receivables		(641)	(1,026)	(5,330)	936
Increase in prepayments, deposits and other receivables		(304)	(104)	(418)	(928)
Decrease in amount due from a related party		1,968	—	—	—
(Decrease)/increase in trade payables		(2,697)	(123)	97	241
Increase/(decrease) in other payables and accruals		317	(308)	468	(241)
Decrease in amounts due to directors		(10,743)	(3,824)	(387)	—
Increase/(decrease) in amount due to a related company		54	(162)	(644)	3
Cash generated from/(used in) operations		8,922	13,268	(563)	9,326
Income tax refunded/(paid)		754	(2,824)	—	—
Net cash generated from/(used in) operating activities		<u>9,676</u>	<u>10,444</u>	<u>(563)</u>	<u>9,326</u>

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	Year ended 31 March		Five months ended 31 August	
	2015	2016	2015	2016
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,115)	(3,972)	(2,390)	(6,717)
Deposit for acquisition of property, plant and equipment	(811)	—	—	(482)
Proceed from sale of property, plant and equipment	803	5	5	—
Interest received	—	1	1	1
Net cash used in investing activities	<u>(2,123)</u>	<u>(3,966)</u>	<u>(2,384)</u>	<u>(7,198)</u>
Cash flows from financing activities				
Finance lease interest paid	—	—	—	(24)
Bank loan interest paid	(184)	(190)	(72)	(173)
Proceeds from finance lease payables	—	—	—	4,599
Proceeds from bank borrowings	—	9,775	—	—
Repayment of finance lease payables	—	—	—	(117)
Repayment of bank borrowings	(721)	(1,085)	(305)	(2,055)
Payment of new shares [REDACTED] costs	—	[REDACTED]	—	[REDACTED]
Net cash (used in)/generated from financing activities	<u>(905)</u>	<u>4,436</u>	<u>(377)</u>	<u>(4,054)</u>
Net increase/(decrease) in cash and cash equivalents	6,648	10,914	(3,324)	(1,926)
Cash and cash equivalents at beginning of the year/period	<u>2,344</u>	<u>8,992</u>	<u>8,992</u>	<u>19,906</u>
Cash and cash equivalents at end of the year/period	20 <u>8,992</u>	<u>19,906</u>	<u>5,668</u>	<u>17,980</u>

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II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 31/F, 148 Electric Road, North Point, Hong Kong. The Group is principally engaged in trading, installation and renting of suspended working platforms and other construction equipments (the “[REDACTED] Business”).

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Name	Country and date of incorporation/ establishment and form of business structure	Description of shares held	Attributable equity interest		Principal activities and place of operations	Notes
			direct	indirect		
Trend Novel Limited (“Hing Ming BVI”)	British Virgin Islands, 8 April 2016, limited liability company	Ordinary, Hong Kong Dollars (“HK\$”) 0.01	100%	—	Investment holding, Hong Kong	(1)
Hing Ming Gondola (HK) Company Limited (“Hing Ming HK”)	Hong Kong, 22 September 1997, limited liability company	Ordinary	—	100%	Trading, installation and renting of suspended working platforms and other construction equipments, Hong Kong	(2)

Notes:

- (1) No statutory financial statements have been prepared for this subsidiary as there is no statutory requirement to do so.
- (2) The statutory financial statements for the years ended 31 March 2015 and 31 March 2016 were audited by BDO Limited.

2. REORGANISATION AND BASIS OF PRESENTATION

Prior to the incorporation of the Company and the completion of the Reorganisation, the [REDACTED] Business was carried on by companies now comprising the Group (hereinafter collectively referred to as the “Operating Companies”).

Pursuant to the Reorganisation as detailed in the section headed “History, Development and Reorganisation” in the Document, in preparation for the [REDACTED] of shares of the Company on the GEM Board of the Stock Exchange (the “[REDACTED]”) and for the purpose of rationalising the Group’s structure, the Company became the holding company of the Operating Companies now comprising the Group on 23 February 2017 by way of share swaps with the existing shareholders of Hing Ming HK.

Immediately prior to and after the Reorganisation, the [REDACTED] Business is held by the Operating Companies. Pursuant to the Reorganisation, the Operating Companies together with the [REDACTED] Business are transferred to and held by the Company through Hing Ming HK. The share swaps have no substance and do not form a business combination, and accordingly, the Financial Information of the Company was combined with that of the operating subsidiaries using the predecessor carrying amounts. The Reorganisation is therefore merely a reorganisation of the [REDACTED] Business and

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does not constitute a business combination, as if the group structure under the Reorganisation had been in existence throughout the Relevant Periods or since the respective dates of incorporation of the entities now comprising the Group, whichever is the shorter period.

The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Relevant Periods have been prepared using the financial information of the entities now comprising the Group, as if the current structure had been in existence throughout the Relevant Periods, or since their respective dates of acquisition or incorporation of the relevant entities now comprising the Group, where this is a shorter period. The combined statements of financial position of the Group as at the Relevant Periods have been prepared to present the assets and liabilities of the Group as if the current structure had been in existence at the respective days. The net assets and results of the Group were combined using the carrying value from the perspective of the ultimate controlling shareholder. All significant intra-group transactions and balances have been eliminated on combination.

The Financial Information is presented in HK\$, which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands, except when otherwise indicated.

3. BASIS OF PREPARATION

For the purpose of preparing and presenting the Financial Information, the Group has consistently applied the accounting policies set out below, which conform to HKFRSs (which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA, throughout the Relevant Periods. The Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the GEM Listing Rules. All HKFRSs effective for accounting period commencing from 1 April 2016 together with the relevant transitional provisions have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost basis.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 6.

4. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Impact of issued but not yet effective HKFRSs

The Group has not early applied the following new and revised HKFRSs that have been issued, potentially relevant to the Group’s operations, but are not yet effective, in the Financial Information.

Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrecognised Losses ¹
HKFRS 9 (2014)	Financial Instruments ²
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

Amendments to HKAS 7

The amendments require an entity 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 are not expected to have any significant impact on the financial position or performance of the Group upon adoption.

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Amendments to HKAS 12

These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Group anticipates that the adoption of this amendment will not have a significant impact on the financial position or performance of the Group.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group’s financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The amendments to HKFRS 15 also added 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 Group anticipates that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group’s combined financial statements and it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detail review.

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HKRS 16 — Leases

The standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. HKFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts, unless the underlying asset is of low value, in the statement of financial position. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability in the combined income statement, and also classifies cash repayments of the lease liability into principal portion and an interest portion for presentation in the consolidated statement of cash flows.

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

As at 31 August 2016, the amounts of operating lease commitment of the Group was approximately HK\$1,552,000 as disclosed in Note 28. The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group’s financial performance but it is expected that certain portion of these lease commitments will be required to be recognised in the combined statement of financial position as right-to-use assets and lease liabilities.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee; (2) exposure, or rights, to variable returns from the investee; and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

5.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Relevant Periods. The estimated useful lives are as follows:

Plant and machinery	10 years
Motor vehicles	5 years
Furniture and equipment	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset’s estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

When an item of machinery is classified as held for resale, it is not depreciated and is accounted for as held for sale, as further explained in the accounting policy for “Inventories”.

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5.3 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.4 Financial instruments

(i) *Financial assets*

The Group's financial assets, including trade receivables, deposits and other receivables and cash and cash equivalents, are mainly classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

Loans and receivables

Loans and receivables, including trade receivables, deposits and other receivables and cash and cash equivalents, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also other types of contractual monetary assets. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) *Impairment loss on financial assets*

The Group assesses, at the end of each of the Relevant Periods, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (as incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include:

- significant financial difficulty of the debtor or the group of debtors;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor or the group of debtors will enter bankruptcy or other financial reorganisation.

For certain categories of financial assets such as trade 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 general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of 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 original effective interest rate. The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

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Impairment losses are reversed in subsequent periods when an increase in the asset’s recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

(iii) Financial liabilities

Financial liabilities at amortised cost include trade payables, accruals and deposits received, balances with directors and a related company, finance lease payables and bank borrowings. They are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The related interest expense is recognised in profit or loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

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

(v) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of its liabilities. Equity instruments issued by a group entity are recorded at the proceeds received, net of direct issue costs.

The Hong Kong Companies Ordinance, Cap. 622 (the “Ordinance”), came into operation on 3 March 2014. Under the Ordinance, shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares on or after 3 March 2014 is credited to share capital. Commissions and expenses are allowed to be deducted from share capital under Section 148 and Section 149 of the Ordinance.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

5.5 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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5.6 Leasing

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income is recognised in accordance with Note 5.12(b). Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease of property, plant and equipment.

5.7 Provision and contingent liabilities

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each of the Relevant Periods, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5.8 Impairment of non-financial assets

At the end of each of the Relevant Periods, the Group reviews the carrying amounts of assets (other than inventories and financial assets) to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

5.9 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

5.10 Employee benefits

(i) *Defined contribution retirement plan*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

(ii) *Short-term employee benefits*

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

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(iii) *Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

5.11 Income taxes

Income tax comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the Relevant Periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the Relevant Periods.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

5.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is shown net of discounts, rebates, returns and sales-related taxes.

Revenue is recognised in profit or loss provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, as follows:

- (a) Rental and related services is recognised on an utilisation time basis.
- (b) Trading of equipment and spare parts are recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.
- (c) Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

5.13 Joint arrangements

The group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

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In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

5.14 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity); or
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

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5.15 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except interest income, unallocated finance costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

The only operating segment of the Group is the rental and related services and trading of equipment and spare parts.

6. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based on its assumptions and estimates on parameters available when the Financial Information was prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Property, plant and equipment and depreciation

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or written-down technically obsolete, or non-strategic assets that have been abandoned or sold.

Income taxes

The Group is subject to Hong Kong income taxes. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment loss on trade receivables

The Group adopts a standardised credit period granted to the customers by reference to the internal credit rating of the customers. Written-off on trade receivables is made when there is objective evidence (such as significant financial difficulties of the debtor or substantial budget overrun of the debtor) that the Group would not be able to collect the amounts due under the original terms of the invoice.

The Group reviews the collectability of the trade receivables on a case-by-case basis to determine if any write off for trade receivables is necessary. If any trade receivable is overdue for more than 12 months, this debt is highlighted by the accounting staff for assessment by the Directors and/or senior management about the recoverability of such overdue trade receivable. The assessment is done based on, among other things, the evaluation of collectability, ageing analysis of the receivables, the ultimate realization of these outstandings, the current creditworthiness, the past collection history of and the Group's current and potential future business relationship with each customer. If the Directors and/or senior management consider the recoverability of such debt is doubtful, such debt is written off.

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If any debt previously written off is recovered subsequently, the amount is recognised in the Group’s profit or loss as “other income”.

7. SEGMENT INFORMATION

The chief operating decision maker is identified as executive directors of the Company. The Group has identified its operating segment based on the regular internal financial information reported to the Company’s executive director for their decisions about resources allocation and review of performance. For the Relevant Periods, the executive director has considered the only operating segment of the Group is rental and related services and trading of equipment and spare parts.

Geographical information

The following is an analysis of the Group’s revenue by the geographical locations of customers for the Relevant Periods.

	Year ended 31 March		Five months ended 31 August	
	2015	2016	2015	2016
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
			(unaudited)	
Hong Kong	36,967	39,725	16,701	17,813
Thailand	4,289	4,192	1,364	913
Macau	2,493	901	515	19
Others	<u>706</u>	<u>199</u>	<u>32</u>	<u>50</u>
	<u>44,455</u>	<u>45,017</u>	<u>18,612</u>	<u>18,795</u>

During the Relevant Periods, all of the Group’s non-current assets are located in Hong Kong. Certain construction equipment and generators were located in Macau for rental to a related company, which then rented to customers in Macau during the Relevant Periods.

Information about major customers

Turnover from customers contributing over 10% of total revenue of the Group is as follows:

	Year ended 31 March		Five months ended 31 August	
	2015	2016	2015	2016
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
			(unaudited)	
Client A	8,374	20,080	7,461	8,355
Client B	7,278	8,530	4,084	2,600
Client C (<i>note</i>)	<u>11,321</u>	<u>N/A</u>	<u>N/A</u>	<u>3,302</u>

Note: The corresponding client did not contribute over 10% of the total revenue of the Group for the relevant year/period.

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8. REVENUE

The Group’s principal activities are income received and receivable from rental and related services and trading of equipment and spare parts.

Revenue from the Group’s principal activities during the Relevant Periods is as follows:

	Year ended 31 March		Five months ended 31 August	
	2015 <i>HK\$’000</i>	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i> (unaudited)	2016 <i>HK\$’000</i>
Rental and related services	30,353	34,205	13,409	15,827
Trading of equipment and spare parts	<u>14,102</u>	<u>10,812</u>	<u>5,203</u>	<u>2,968</u>
Total	<u><u>44,455</u></u>	<u><u>45,017</u></u>	<u><u>18,612</u></u>	<u><u>18,795</u></u>

9. OTHER INCOME

	Year ended 31 March		Five months ended 31 August	
	2015 <i>HK\$’000</i>	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i> (unaudited)	2016 <i>HK\$’000</i>
Bank interest income	—	1	1	1
Gain on disposal of property, plant and equipment, net	792	—	—	—
Sundry Income	37	368	14	13
Exchange gain	<u>—</u>	<u>—</u>	<u>—</u>	<u>4</u>
Total	<u><u>829</u></u>	<u><u>369</u></u>	<u><u>15</u></u>	<u><u>18</u></u>

10. FINANCE COSTS

	Year ended 31 March		Five months ended 31 August	
	2015 <i>HK\$’000</i>	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i> (unaudited)	2016 <i>HK\$’000</i>
Interest from finance lease payables	—	—	—	24
Bank loan interest	<u>184</u>	<u>190</u>	<u>72</u>	<u>173</u>
Total	<u><u>184</u></u>	<u><u>190</u></u>	<u><u>72</u></u>	<u><u>197</u></u>

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11. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	Year ended 31 March		Five months ended 31 August	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (unaudited)	2016 HK\$'000
Auditor’s remuneration	250	250	—	—
Cost of inventories sold and materials consumed	11,533	9,099	6,077	2,637
Written off of trade receivables	1,851	805	805	470
Written off of other receivables	500	—	—	—
Exchange loss/(gain), net	171	93	32	(4)
Depreciation of property, plant and equipment	2,322	2,402	1,052	1,004
Written off of property, plant and equipment	5	82	—	3
(Gain)/Loss on disposal of property, plant and equipment	(792)	19	19	—
Minimum lease payment under operating lease — storage and repairing workshop	1,054	1,087	427	499
Staff costs (including directors’ remuneration (Note 13(a))				
— Wages, salaries and other benefits	7,506	10,492	3,709	4,654
— Retirement costs	287	388	148	278
	<u>287</u>	<u>388</u>	<u>148</u>	<u>278</u>

12. INCOME TAX EXPENSE

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax expense in the combined statements of comprehensive income during the Relevant Periods represents:

	Year ended 31 March		Five months ended 31 August	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
Current tax — Hong Kong profits tax				
Tax for the year/period	1,696	1,921	307	1,118
Over-provision in respect of prior year/period	—	(166)	(166)	—
	<u>1,696</u>	<u>1,755</u>	<u>141</u>	<u>1,118</u>
Deferred tax				
Current year/period (Note 31)	603	685	519	46
Income tax expense	<u>2,299</u>	<u>2,440</u>	<u>660</u>	<u>1,164</u>

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Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Relevant Periods.

A reconciliation of the income tax expense applicable to profit before income tax expense at the statutory tax rate to the income tax expense at the effective tax rate for each of the Relevant Periods is as follows:

	Year ended 31 March		Five months ended 31 August	
	2015 HK\$’000	2016 HK\$’000	2015 HK\$’000 (unaudited)	2016 HK\$’000
Profit before income tax expense	<u>12,131</u>	<u>12,002</u>	<u>3,925</u>	<u>2,086</u>
Tax calculated at the statutory rate of 16.5%	2,002	1,980	648	344
Tax effect of revenue not taxable for tax purpose	(131)	(554)	(204)	—
Tax effect of expenses not deductible for tax purpose	326	589	9	831
Tax effect of temporary differences not recognised	752	611	373	(11)
Utilisation of tax losses	(630)	—	—	—
Over provision in respect of prior year	—	(166)	(166)	—
Statutory tax concession	<u>(20)</u>	<u>(20)</u>	<u>—</u>	<u>—</u>
Income tax expense	<u>2,299</u>	<u>2,440</u>	<u>660</u>	<u>1,164</u>

13. DIRECTORS’ REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors’ remuneration

Details of the remuneration paid or payable during the Relevant Periods by the entities comprising the Group to those directors of subsidiaries who were appointed as directors of the Company on 8 April 2016 are as follows:

	Fees HK\$’000	Salaries and other benefits HK\$’000	Contribution to defined contribution pension plans HK\$’000	Total HK\$’000
Year ended 31 March 2015				
Executive director:				
Mr. Tang Hing Keung (“Mr. H.K. Tang”)	—	480	15	495
Ms. Au Fung Yee (“Ms. Au”)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>480</u>	<u>15</u>	<u>495</u>

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	Fees <i>HK\$'000</i>	Salaries and other benefits <i>HK\$'000</i>	Contribution to defined contribution pension plans <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2016				
Executive director:				
Mr. H.K. Tang	—	575	15	590
Ms. Au	—	—	—	—
	<u>—</u>	<u>575</u>	<u>15</u>	<u>590</u>
Five months ended 31 August 2016				
Executive director:				
Mr. H.K. Tang	—	201	7	208
Ms. Au	—	—	—	—
	<u>—</u>	<u>201</u>	<u>7</u>	<u>208</u>
Five months ended 31 August 2015 (Unaudited)				
Executive director:				
Mr. H.K. Tang	—	200	6	206
Ms. Au	—	—	—	—
	<u>—</u>	<u>200</u>	<u>6</u>	<u>206</u>

(b) Five highest-paid individuals

The five highest paid individuals of the Group are included one director for the years ended 31 March 2015 and 2016 and for the five months ended 31 August 2015 and 2016 respectively whose emoluments are reflected in the analysis presented above for the Relevant Periods.

The analysis of the emoluments to the remaining four individuals for the years ended 31 March 2015 and 2016 and for the five months ended 31 August 2015 and 2016 respectively is set out below:

	Year ended 31 March		Five months ended 31 August	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i>
Salaries and allowances	1,398	1,681	594	658
Contribution to defined contribution pension plans	<u>54</u>	<u>56</u>	<u>24</u>	<u>28</u>
	<u>1,452</u>	<u>1,737</u>	<u>618</u>	<u>686</u>

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Their remuneration fell within the following bands:

	Year ended 31 March		Five months ended 31 August	
	2015	2016	2015 (unaudited)	2016
Nil to HK\$1,000,000	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

During the Relevant Periods, no director or any of the highest-paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

During the year ended 31 March 2015, an interim dividend in respect of the year ended 31 March 2015 of HK\$1.33 per ordinary share, or in aggregation of HK\$8,000,000 was paid by Hing Ming HK to its then shareholders.

During the year ended 31 March 2016 and the five months ended 31 August 2016, no dividend was declared.

15. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for the Relevant Periods on a combined basis as described in Note 2 above.

16. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK\$'000 (Note)	Motor vehicles HK\$'000	Furniture and equipment HK\$'000	Total HK\$'000
Cost				
At 1 April 2014	23,936	2,970	1,127	28,033
Additions	647	1,405	63	2,115
Disposals	—	(1,424)	—	(1,424)
Written off	—	—	(588)	(588)
Transferred to inventories	<u>(1,389)</u>	<u>—</u>	<u>—</u>	<u>(1,389)</u>
At 31 March and 1 April 2015	23,194	2,951	602	26,747
Additions	3,538	1,111	134	4,783
Disposals	—	(32)	—	(32)
Written off	(468)	—	(327)	(795)
Transferred to inventories	<u>(2,925)</u>	<u>—</u>	<u>—</u>	<u>(2,925)</u>
At 31 March 2016 and 1 April 2016	23,339	4,030	409	27,778
Additions	6,662	—	55	6,717
Written off	—	—	(17)	(17)
Transferred to inventories	<u>(742)</u>	<u>—</u>	<u>—</u>	<u>(742)</u>
At 31 August 2016	<u>29,259</u>	<u>4,030</u>	<u>447</u>	<u>33,736</u>

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	Plant and machinery <i>HK\$'000</i> <i>(Note)</i>	Motor vehicles <i>HK\$'000</i>	Furniture and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Accumulated depreciation</i>				
At 1 April 2014	12,047	2,741	920	15,708
Depreciation	1,810	414	98	2,322
Eliminated on disposals	—	(1,412)	—	(1,412)
Written-off	—	—	(583)	(583)
Transferred to inventories	<u>(1,069)</u>	<u>—</u>	<u>—</u>	<u>(1,069)</u>
At 31 March and 1 April 2015	12,788	1,743	435	14,966
Depreciation	1,877	435	90	2,402
Eliminated on disposals	—	(8)	—	(8)
Written off	(442)	—	(271)	(713)
Transferred to inventories	<u>(2,186)</u>	<u>—</u>	<u>—</u>	<u>(2,186)</u>
At 31 March 2016 and 1 April 2016	12,037	2,170	254	14,461
Depreciation	760	224	20	1,004
Written off	—	—	(14)	(14)
Transferred to inventories	<u>(680)</u>	<u>—</u>	<u>—</u>	<u>(680)</u>
At 31 August 2016	<u><u>12,117</u></u>	<u><u>2,394</u></u>	<u><u>260</u></u>	<u><u>14,771</u></u>
<i>Net book value</i>				
At 31 August 2016	<u><u>17,142</u></u>	<u><u>1,636</u></u>	<u><u>187</u></u>	<u><u>18,965</u></u>
At 31 March 2016	<u><u>11,302</u></u>	<u><u>1,860</u></u>	<u><u>155</u></u>	<u><u>13,317</u></u>
At 31 March 2015	<u><u>10,406</u></u>	<u><u>1,208</u></u>	<u><u>167</u></u>	<u><u>11,781</u></u>

Note: The Group and an independent third party jointly own and operate a tower crane under a contractual arrangement. According to the arrangement, each party is entitled to 50% ownership of the tower crane and 50% of the rental income generated from the tower crane after deducting the maintenance cost and insurance costs (if any). As at 31 March 2015 and 2016, and 31 August 2016, the net asset value of the Group's portion of tower crane was approximately HK\$2,044,000, HK\$1,789,000 and HK\$1,682,000 respectively. During the years ended 31 March 2015 and 2016, and the five months ended 31 August 2016, the Group generated revenue of approximately HK\$705,000, HK\$701,000 and Nil respectively through lease out of the tower crane.

The net carrying amount of property, plant and equipment includes the following amounts in respect of assets held under finance leases (Note 24):

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Plant and machinery	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>5,800</u></u>

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17. INVENTORIES

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Inventories for resale	—	791	181

18. TRADE RECEIVABLES

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$’000</i>	<i>HK\$’000</i>	2016
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Trade receivables	11,314	11,535	10,129

The Group’s trading terms with its existing customers are mainly on credit. The credit period is generally 30 days or based on the terms agreed in the sale and rental agreements.

Ageing analysis

An ageing analysis of the Group’s trade receivables as at the end of each of the Relevant Periods, net of impairment and based on invoice date, is as follows:

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$’000</i>	<i>HK\$’000</i>	2016
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Within 1 month	2,634	3,257	3,036
More than 1 month but not more than 3 months	5,205	3,938	4,527
More than 3 months but not more than 6 months	1,136	2,405	707
More than 6 months but not more than a year	720	1,935	617
More than a year	1,619	—	1,242
	<u>11,314</u>	<u>11,535</u>	<u>10,129</u>

An ageing analysis of the Group’s trade receivables as at the end of each of the Relevant Periods that are not impaired is as follows:

	As at 31 March		As at
	2015	2016	31 August
	<i>HK\$’000</i>	<i>HK\$’000</i>	2016
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Neither past due nor impaired	2,634	3,257	3,036
Pass due but not impaired:			
Less than 1 month	4,664	3,696	3,326
1 to 3 months	667	1,259	1,584
4 to 6 months	1,023	1,583	407
More than 6 months but less than 12 months	707	1,740	645
More than 1 year	1,619	—	1,131
	<u>11,314</u>	<u>11,535</u>	<u>10,129</u>

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Trade receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March		As at
	2015	2016	31 August
	HK\$'000	HK\$'000	2016
			HK\$'000
Prepayments	1,121	2,029	4,441
Deposits	231	268	267
Other receivables	561	15	2
Less: written off of other receivables	<u>(500)</u>	<u>—</u>	<u>—</u>
	1,413	2,312	4,710
Less: Non-current portion	<u>(811)</u>	<u>—</u>	<u>(482)</u>
	<u>602</u>	<u>2,312</u>	<u>4,228</u>

The balances of other receivables are unsecured, interest-free and with no fixed repayment terms. The Group's other receivables were neither past due nor impaired as at 31 March 2015 and 2016 and 31 August 2016.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash at banks and in hand. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

	As at 31 March		As at
	2015	2016	31 August
	HK\$'000	HK\$'000	2016
			HK\$'000
Trade payables	<u>196</u>	<u>73</u>	<u>314</u>

The credit period ranges from approximately 0 to 90 days.

An ageing analysis of the Group's trade payables as at the end of each of the Relevant Periods, based on invoice date, is as follows:

	As at 31 March		As at
	2015	2016	31 August
	HK\$'000	HK\$'000	2016
			HK\$'000
Within 1 month	193	50	253
More than 1 month but not more than 3 months	1	23	—
More than 3 months but not more than 6 months	<u>2</u>	<u>—</u>	<u>61</u>
	<u>196</u>	<u>73</u>	<u>314</u>

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22. ACCRUALS AND DEPOSITS RECEIVED

	As at 31 March		As at
	2015	2016	31 August
	HK\$’000	HK\$’000	2016
Accrual expenses	1,155	1,966	1,592
Customers’ deposits received	<u>488</u>	<u>279</u>	<u>—</u>
	<u>1,643</u>	<u>2,245</u>	<u>1,592</u>

23. AMOUNTS DUE TO DIRECTORS/A RELATED COMPANY/A SUBSIDIARY

(a) Amounts due to directors

	As at 31 March		As at
	2015	2016	31 August
	HK\$’000	HK\$’000	2016
Mr. H.K. Tang (<i>note</i>)	3,024	—	—
Ms. Au (<i>note</i>)	<u>800</u>	<u>—</u>	<u>—</u>
	<u>3,824</u>	<u>—</u>	<u>—</u>

Note: The amounts due to directors are unsecured, interest-free and repayable on demand.

(b) Amount due to a related company

	As at 31 March		As at
	2015	2016	31 August
	HK\$’000	HK\$’000	2016
Harvest Team International Limited (“Harvest Team (HK)”) (incorporated in Hong Kong (<i>note (i)</i>))	162	—	—
Maysun Jewellery Manufacturing Company Limited (“Maysun”) (incorporated in Hong Kong) (<i>note (ii)</i>)	<u>—</u>	<u>—</u>	<u>3</u>

Notes:

- (i) Mr. H.K. Tang being director of Harvest Team (HK), is also the director of the Company.
- (ii) Mrs. Mei Lee Tang being the close family of Mr. H.K.Tang, is also the director of Maysun.
- (iii) The amount due to a related company is unsecured, interest-free and repayable on demand.

(c) Amount due to a subsidiary

The amount due to a subsidiary is unsecured, interest-free and repayment on demand.

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24. FINANCE LEASE PAYABLES

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 March		As at	As at 31 March		As at
	2015	2016	31 August	2016	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	—	—	1,686	—	—	1,445
In the second to fifth years, inclusive	—	—	3,231	—	—	3,037
	—	—	4,917	—	—	4,482
Less: future finance costs	—	—	(435)	—	—	—
Present value of minimum lease payables	—	—	4,482	—	—	4,482
Less: Amounts due for settlement within 12 months (shown under current liabilities)						(1,445)
Amounts due for settlement after 12 months						3,037

The Group leases certain property, plant and equipment under finance leases (Note 16). The lease term is 3 years, with effective interest rate ranging from approximately 6.3% per annum in the Relevant Periods. All the leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group’s obligations under finance leases are secured by personal guarantee of the Directors, Mr. H.K. Tang and Ms. Au.

25. BANK BORROWINGS

	As at 31 March		As at
	2015	2016	31 August
	HK\$'000	HK\$'000	2016
	HK\$'000	HK\$'000	HK\$'000
Bank borrowings due for repayment within one year (note (i))	738	4,980	5,047
Bank borrowings due for repayment after one year which contain a repayment on demand clause (note (ii))	6,246	10,694	8,572
	6,984	15,674	13,619

Notes:

- (i) The bank borrowings are secured by personal guarantee of the Directors, Mr. H.K. Tang and Ms. Au and a property. Interest is charged at prime rate minus ranged from 1.75% to 2.75% (31 March 2015: prime rate minus 2.75%; 31 March 2016: ranged from 1.75% to 2.75%).
- (ii) The current liabilities include bank borrowing of HK\$8,572,000 (31 March 2015: HK\$6,246,000; 31 March 2016: HK\$10,694,000) that are not scheduled to repay within one year. It is classified as current liabilities as the related loan agreement contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion.

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Analysis based on scheduled repayment terms set out in the loan agreements, into:

	As at 31 March		As at
	2015	2016	31 August
	HK\$’000	HK\$’000	2016
On demand or within one year	738	4,981	5,047
More than one year, but not exceeding two years	758	3,124	1,727
More than two years, but not exceeding five years	2,389	5,307	4,937
More than five years	3,099	2,262	1,908
	<u>6,984</u>	<u>15,674</u>	<u>13,619</u>

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause. Further details of the Group’s management of liquidity risk are set out in Note 33(c).

Certain of the Group’s term loan agreement contain clauses which give the lender the right at the lender’s sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

26. EMPLOYEE OBLIGATION

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

27. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	Number	HK\$’000
Authorised:		
Ordinary share of HK\$0.01 each		
Upon incorporation (<i>note (b)</i>)	38,000,000	380
Issued and fully paid:		
Ordinary share of HK\$0.01 each		
Upon incorporation (<i>note (b)</i>)	<u>1</u>	<u>—</u>
At the end of the period	<u>1</u>	<u>—</u>

- (a) For the purpose of presenting the share capital of the Group prior the Reorganisation in the combined statement of financial position, the balance as at 31 March 2015 and 31 March 2016 represented the share capital of Hing Ming HK of HK\$6,000,000.
- (b) The Company was incorporated on 8 April 2016 in the Cayman Islands with an authorised share capital of HK\$380,000 dividend into 38,000,000 shares of HK\$0.01 each, of which one share was allotted and issued to initial subscriber at par value. On the same day, the said one Share was transferred to Hing Gut, which is controlled by the Controlling Shareholders at par value of HK\$0.01.
- (c) The share capital of the Group as at 31 August 2016 represented the aggregate amount of share capital of Hing Ming HK of HK\$6,000,000 and the Company of Nil.

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28. COMMITMENTS

Operating lease commitments — Group as lessee

The Group leased a storage and repairing workshop under operating leases arrangements which were negotiated for terms ranging from 1 to 2 years and the leases do not include contingent rentals.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	As at 31 March		As at
	2015	2016	31 August
	HK\$'000	HK\$'000	2016
			HK\$'000
Not later than one year	756	1,164	1,164
Later than one year and not later than five years	—	873	388
	<u>756</u>	<u>2,037</u>	<u>1,552</u>

29. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Save as disclosed elsewhere in the Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

Related party relationship	Names of related parties	Types of transactions	Transaction amount			
			Year ended 31 March		Five months ended 31 August	
			2015	2016	2015	2016
			HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)	
Common director and beneficial owner	Harvest Team (HK)	Rental of motor vehicle paid <i>(note (i))</i>	54	54	23	9
Common directors and beneficial owners	Harvest Team International Limited (“Harvest Team (Macau)”) (incorporated in Macau)	Rental of equipment <i>(note (ii))</i>	2,179	747	481	—

Notes:

- (i) The above transaction was paid to Harvest Team (HK). Mr. H.K. Tang, the director of the Company, is the director and beneficial owner of the above company.
- (ii) The above transactions were received from Harvest Team (Macau). Mr. H.K. Tang and Ms. Au, the Directors of the Company, are the directors and beneficial owners of the above company.

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(b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Directors as disclosed in Note 13(a), is as follows:

	Year ended 31 March		Five months ended 31 August	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,309	1,686	551	569
Retirement scheme contributions	<u>41</u>	<u>48</u>	<u>18</u>	<u>20</u>
	<u>1,350</u>	<u>1,734</u>	<u>569</u>	<u>589</u>

30. SIGNIFICANT NON-CASH TRANSACTION

During the year ended 31 March 2015, a subsidiary of the Company, Hing Ming HK, declared interim dividend of HK\$8,000,000 (Note 14), and the amount was set off by current accounts with the Directors.

31. DEFERRED TAX

Details of the deferred tax liabilities and assets recognised and movements during each of the Relevant Periods:

	Accelerated tax depreciation	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	1,379	(631)	748
(Credit)/Charge to profit or loss for the year (Note 12)	<u>(28)</u>	<u>631</u>	<u>603</u>
At 31 March 2015 and 1 April 2015	1,351	—	1,351
Charge to profit or loss for the year (Note 12)	<u>685</u>	<u>—</u>	<u>685</u>
At 31 March 2016 and 1 April 2016	2,036	—	2,036
Charge to profit or loss for the period (Note 12)	<u>46</u>	<u>—</u>	<u>46</u>
At 31 August 2016	<u>2,082</u>	<u>—</u>	<u>2,082</u>
At 31 March 2015 and 1 April 2015	1,351	—	1,351
Charge to profit or loss for the period (Note 12)	<u>519</u>	<u>—</u>	<u>519</u>
At 31 August 2015 (Unaudited)	<u>1,870</u>	<u>—</u>	<u>1,870</u>

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32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts presented in the combined statements of financial position relate to the following categories of financial assets and financial liabilities.

	As at 31 March				As at 31 August	
	2015	2015	2016	2016	2016	2016
	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>	Fair value <i>HK\$'000</i>
Financial assets						
Loans and receivables:						
Trade receivables	11,314	11,314	11,535	11,535	10,129	10,129
Deposits and other receivables	292	292	283	283	269	269
Cash and cash equivalents	8,992	8,992	19,906	19,906	17,980	17,980
	<u>20,598</u>	<u>20,598</u>	<u>31,724</u>	<u>31,724</u>	<u>28,378</u>	<u>28,378</u>
Financial liabilities						
Measured at amortised cost:						
Trade payables	196	196	73	73	314	314
Accrued liabilities	1,155	1,155	1,966	1,966	1,592	1,592
Amounts due to directors	3,824	3,824	—	—	—	—
Amount due to a related company	162	162	—	—	3	3
Finance lease payables	—	—	—	—	4,482	4,482
Bank borrowings	6,984	6,984	15,674	15,674	13,619	13,619
	<u>12,321</u>	<u>12,321</u>	<u>17,713</u>	<u>17,713</u>	<u>20,010</u>	<u>20,010</u>

33. FINANCIAL RISK MANAGEMENT

The Group’s financial assets that derive directly from its operations are trade and other receivables, and cash and cash equivalents. Principal financial liabilities of the Group include trade and other payables, amounts due to a related company/directors, finance lease payables and bank borrowings. The main purpose of these financial liabilities is to finance the Group’s operations.

The main risks arising from the Group’s financial instruments are credit risk, interest rate risk, liquidity risk, and currency risk. The Group does not enter into or trade financial instruments for speculative purposes.

The Group’s financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. The Group’s policy is to deal only with creditworthy counterparties.

The Group’s management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

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The Group has a certain concentration of credit risk, the balance due from the Group's largest customer group amounted to 6%, 44% and 39% of the total trade receivables at 31 March 2015 and 2016 and 31 August 2016, respectively. The balances due from the Group's five largest customers amounted to 64%, 89% and 89% of the total trade receivables at 31 March 2015 and 2016 and 31 August 2016, respectively.

(b) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances, bank borrowings and finance lease payables. The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The following table details the interest rate profile of the Group's financial assets and liabilities as at the end of the Relevant Periods based upon which the Group's management evaluates the interest rate risk:

	Year ended 31 March		Five months ended 31 August	
	2015	2016	2015	2016
	<i>Effective</i>	<i>Effective</i>	<i>Effective</i>	<i>Effective</i>
	<i>interest rate</i>	<i>interest rate</i>	<i>interest rate</i>	<i>interest rate</i>
	<i>(% per annum)</i>	<i>(% per annum)</i>	<i>(% per annum)</i>	<i>(% per annum)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets				
Floating rate receivables				
— Cash at bank	0.001%–0.01%	8,992	0.001%–0.01%	19,906
				17,980
Financial liabilities				
— Floating rate borrowing	2.5%–3.5%	6,984	2.5%–3.5%	15,674
— Fixed rate finance lease payables	—	—	—	6.3%
				4,482

At 31 March 2015 and 2016 and 31 August 2016, it is estimated that a general increase/decrease at 10 basis points in interest rates, with all other variables held constant, would have insignificant effect on the Group's result for the year/period.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, finance lease payables and bank borrowings, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major banks and financial institutions to meet its liquidity requirements in the short and longer terms.

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The following tables show the remaining contractual maturities at the end of the Relevant Periods of the Group’s financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount <i>HK\$’000</i>	Total contractual cash flow <i>HK\$’000</i>	Within 1 year or on demand <i>HK\$’000</i>	More than 1 year but less than 2 years <i>HK\$’000</i>	More than 2 years but less than 5 years <i>HK\$’000</i>	More than 5 years <i>HK\$’000</i>
As at 31 March 2015						
Trade payables	196	196	196	—	—	—
Accrued liabilities	1,155	1,155	1,155	—	—	—
Amounts due to directors	3,824	3,824	3,824	—	—	—
Amount due to a related company	162	162	162	—	—	—
Bank borrowings	6,984	7,769	7,769	—	—	—
	<u>12,321</u>	<u>13,106</u>	<u>13,106</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Carrying amount <i>HK\$’000</i>	Total contractual cash flow <i>HK\$’000</i>	Within 1 year or on demand <i>HK\$’000</i>	More than 1 year but less than 2 years <i>HK\$’000</i>	More than 2 years but less than 5 years <i>HK\$’000</i>	More than 5 years <i>HK\$’000</i>
As at 31 March 2016						
Trade payables	73	73	73	—	—	—
Accrued liabilities	1,966	1,966	1,966	—	—	—
Bank borrowings	15,674	16,718	16,718	—	—	—
	<u>17,713</u>	<u>18,757</u>	<u>18,757</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Carrying amount <i>HK\$’000</i>	Total contractual cash flow <i>HK\$’000</i>	Within 1 year or on demand <i>HK\$’000</i>	More than 1 year but less than 2 years <i>HK\$’000</i>	More than 2 years but less than 5 years <i>HK\$’000</i>	More than 5 years <i>HK\$’000</i>
As at 31 August 2016						
Trade payables	314	314	314	—	—	—
Accrued liabilities	1,592	1,592	1,592	—	—	—
Amount due to a related company	3	3	3	—	—	—
Finance lease payables	4,482	4,917	1,686	1,686	1,545	—
Bank borrowings	13,619	14,489	14,489	—	—	—
	<u>20,010</u>	<u>21,315</u>	<u>18,084</u>	<u>1,686</u>	<u>1,545</u>	<u>—</u>

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(d) Currency risk

Transactions in foreign currencies and the Group’s risk management policies

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$. The Group’s exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables and cash and cash equivalents which are denominated in EUR and USD. During the Relevant Periods, the Group has not adopted any hedging strategy in the long run but management continuously monitors the foreign exchange risk exposure on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

Foreign currency denominated financial assets and liabilities, translated into HK\$ at the prevailing closing rates at the end of each of the Relevant Periods, are as follows:

	Group		
	<i>'000</i>		
	EUR	RMB	USD
At 31 March 2015			
Financial assets	1,541	4	1,100
Financial liabilities	—	317	—
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2016			
Financial assets	353	—	2,163
Financial liabilities	229	—	50
	<u> </u>	<u> </u>	<u> </u>
At 31 August 2016			
Financial assets	1,780	—	879
Financial liabilities	36	25	—
	<u> </u>	<u> </u>	<u> </u>

The sensitivity analysis of the Group’s exposure to foreign currency risk at the end of the Relevant Periods has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of the financial year/period and held constant throughout the Relevant Periods. The assumed changes represent management’s assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date.

A reasonable change in foreign exchange rates for EUR, RMB and USD in the next twelve months is assessed to result in immaterial change in the Group’s profit after tax, retained earnings and other components of equity.

Exposures to foreign exchange rates vary during the year/period depending on the volume of transactions denominated in foreign currency. Nevertheless, the analysis above is considered to be representative of the Group’s exposure to foreign currency risk.

APPENDIX I

ACCOUNTANTS’ REPORT

(e) Fair value

The carrying amounts of the financial assets and financial liabilities carried at amortisation cost in the Financial Information approximate their fair values due to the relative short term maturity of these financial instruments.

34. CAPITAL MANAGEMENT

The Group’s capital management objectives include:

- (i) to safeguard the Group’s ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;
- (ii) to support the Group’s stability and growth; and
- (iii) to provide capital for the purpose of strengthening the Group’s risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder’s returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity attributable to owners of the Company as capital. The amount of capital as at 31 March 2015 and 2016, and 31 August 2016 amounted to approximately HK\$17,644,000, HK\$27,206,000 and HK\$28,128,000 respectively.

35. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 August 2016 and up to the date of this report, the following significant events have taken place:

- (a) On 23 February 2017, the entities now comprising the Group underwent a group reorganisation to rationalise the Group’s structure in preparation of the [REDACTED] of shares of the Company on the GEM of the Stock Exchange. 99 shares of HK\$0.01 each of the Company were issued as consideration for the acquisition of the entire issued share capital of Hing Ming by Trend Novel.
- (b) On 23 February 2017, written resolutions were passed to effect the transactions as set out in the subparagraph headed “Written resolutions of our sole Shareholder passed on 23 February 2017” in Appendix IV to the Document, which is disclosed as follows:

The authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 shares.

Save as disclosed above, there are no other significant events which have taken place subsequent to 31 August 2016.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any period subsequent to 31 August 2016. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 August 2016.

Yours faithfully
BDO Limited
Certified Public Accountants
Chan Wing Fai
Practising Certificate Number P05443
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

APPENDIX III

**SUMMARY OF THE CONSTITUTION OF THE COMPANY
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Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 April, 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Company's constitutional documents consist of its memorandum of association (the "Memorandum") and its articles of association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 23 February 2017 with effect from the [REDACTED]. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting

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two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

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The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to

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the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his

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appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Board may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

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The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be repaid or repaid all travelling, hotel and incidental expenses reasonably

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expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

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(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

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- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

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Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

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(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, by advertisement in newspapers in accordance with the requirements of the Stock Exchange or placing it on the Company's website or the website of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

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(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

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A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

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Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

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(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

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3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

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(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

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Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

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(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 11 May 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from

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time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

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The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

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(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

APPENDIX IV

STATUTORY AND GENERAL INFORMATION

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 8 April 2016.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 19 May 2016 and its principal place of business in Hong Kong is 31/F., 148 Electric Road, North Point, Hong Kong. In connection with such registration, our Company has appointed Mr. H.K. Tang of Flat A, 23/F, Tower 16, Laguna Verde, Hung Hom, Kowloon, Hong Kong as its authorised representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Law and our constitution which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix III to this document.

2. Changes in the share capital of our Company

- (a) As at the date of incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with a par value of HK\$0.01 each. On the same day, one subscriber Share in our Company with a par value of HK\$0.01 was allotted and issued as fully paid to the initial subscriber. On the same day, the said one Share was transferred to Hing Gut at par value of HK\$0.01. Upon completion of the above transfer, Hing Gut became the sole Shareholder of our Company.
- (b) On 23 February 2017, Mr. H.K. Tang and Ms. Au (as transferors), Trend Novel (as transferee), Hing Gut, our Company and Hing Ming entered into the Reorganisation Agreement. Pursuant to the Reorganisation Agreement, Trend Novel acquired the entire issued share capital of Hing Ming, which comprised (i) 5,400,000 ordinary shares held by Mr. H.K. Tang; and (ii) 600,000 ordinary shares held by Ms. Au. The shares were transferred to Trend Novel in consideration of the allotment and issue of 99 Shares, credited as fully paid, to Hing Gut.
- (c) On 23 February 2017, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional of 9,962,000,000 Shares.

Immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which [REDACTED] Shares will be allotted and issued as fully paid or credited as fully paid, and [REDACTED] Shares will remain unissued.

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Other than pursuant to the general mandate to allot and issue Shares as referred to in the paragraphs headed “5. Written resolutions of our sole Shareholder passed on 23 February 2017” and “6. Repurchase of the Shares” below and the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme, our Directors do not have any present intention to allot and issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this document, there has been no alteration to our Company’s share capital since its incorporation.

3. Reorganisation

Our Group underwent the Reorganisation in preparation for the [REDACTED]. Further details are set out in the section headed “History, Development and Reorganisation — Reorganisation” in this document.

4. Changes in share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountants’ Report, the text of which is set out in Appendix I to this document.

Save as disclosed in the section headed “History, Development and Reorganisation — Reorganisation” in this document, there has been no alteration to the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this document.

5. Written resolutions of our sole Shareholder passed on 23 February 2017

Written resolutions of our sole Shareholder were passed on 23 February 2017 approving, among others, the following:

- (a) the Memorandum was adopted as the memorandum of association of our Company with immediate effect and the Articles were adopted as the articles of association of our Company with effect from the [REDACTED];
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$[REDACTED] divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional of 9,962,000,000 Shares of HK\$0.01 each, all of which shall rank *pari passu* in all respects with the existing Shares as at the date of passing of such resolutions; and
- (c) conditional upon (aa) the Stock Exchange granting the [REDACTED] of, and permission to deal in, the Shares in issue and to be allotted and issued as mentioned in this document including the Shares which may be allotted and issued pursuant to the exercise of the [REDACTED] and the options that may be granted under the Share Option Scheme; (bb) the [REDACTED] having been duly determined and the execution and delivery of the [REDACTED] on the respective dates as specified in this document; and (cc) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional (including the waiver

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of any condition(s) by the [REDACTED] (for itself and on behalf of the [REDACTED]) and not being terminated in accordance with the terms of such agreements (or any conditions as specified in this document), in each case on or before the dates and times specified in each of the [REDACTED] (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this document:

- (i) the [REDACTED] and the grant of the [REDACTED] by our Company were approved and our Directors were authorised to (aa) allot and issue the [REDACTED] pursuant to the [REDACTED] subject to the terms and conditions as stated in this document; (bb) implement the [REDACTED] and the [REDACTED]; and (cc) do all things and execute all documents in connection with or incidental to the [REDACTED] and the [REDACTED] with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
- (ii) conditional upon the share premium account of our Company being credited as a result of the [REDACTED], our Directors were authorised to allot and issue a total of [REDACTED] Shares credited as fully paid at par to Hing Gut by way of capitalisation of the sum of HK\$[REDACTED] standing to the credit of the share premium account of our Company and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares;
- (iii) the rules of the Share Option Scheme were approved and adopted, and our Board (or any committee thereof established by our Board) was authorised, at its sole discretion, to (aa) administer the Share Option Scheme; (bb) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (cc) grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any option(s) granted thereunder; and (dd) take all such actions as it considers necessary or desirable to implement or give effect to the Share Option Scheme;
- (iv) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme or under the Capitalisation Issue or the [REDACTED], Shares with an aggregate nominal amount not exceeding the sum of (aa) 20% of the aggregate number of issued Shares of our Company immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme); and (bb) the aggregate number of issued Shares of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general

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meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first;

- (v) a general unconditional mandate was granted to our Directors to exercise all powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be [REDACTED] and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with applicable laws and requirements of the GEM Listing Rules (or of such other stock exchange), Shares in aggregate not exceeding 10% of the aggregate number of issued Shares of our Company immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or the passing of an ordinary resolution by our Shareholders in general meeting varying, revoking or renewing the mandate granted to our Directors, whichever occurs first; and
- (vi) a general unconditional mandate as referred to in sub-paragraph (iv) above was extended by the addition to the aggregate number of issued Shares of our Company which may be allotted or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate number of issued Shares of our Company repurchased by our Company pursuant to the mandate to repurchase Shares as referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate number of issued Shares of our Company immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme).

6. Repurchase of the Shares

This paragraph sets out information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of our own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary [REDACTED] on the Stock Exchange to purchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary [REDACTED] on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

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Note: Pursuant to the written resolutions of our sole Shareholder passed on 23 February 2017, a general unconditional mandate to repurchase our Company's securities (the "Repurchase Mandate") was given to our Directors, the details of which are set out in the paragraph headed "5. Written resolutions of our sole Shareholder passed on 23 February 2017" above in this appendix.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles, the Companies Law, the GEM Listing Rules and any other laws and regulations applicable to the Company from time to time in force. A listed company must not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchase by our Company may be made out of profits of our Company, out of the share premium, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Articles and the Companies Law, out of the capital. Any amount of premium payable on the repurchase over the par value of the shares to be repurchased must be out of profits of our Company, out of our Company's share premium account before or at the time the Shares are repurchased, or, subject to the Articles and the Companies Law, out of the capital.

(iii) Trading restrictions

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate number of issued Shares of that company or warrants to subscribe for shares in that company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate.

A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the Stock Exchange or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange.

In addition, a company is prohibited from making securities repurchase on GEM if the result of the repurchase would be that the number of the [REDACTED] securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange.

A company shall not repurchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed.

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Under the Companies Law, a company’s repurchased shares may be treated as cancelled and, if so cancelled, the amount of that company’s issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for publication of an announcement of a listed company’s results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the GEM Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a company’s annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors’ report is also required to contain reference to the purchases made during the year and the directors’ reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Connected parties

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person which includes a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell his securities to the company.

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(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Share capital

Exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), could accordingly result in up to [REDACTED] Shares being repurchased by our Company during the course of the period prior to the date on which such Repurchase Mandate expires or terminates as mentioned in the paragraph headed "A. Further information about our Company — 5. Written resolutions of our sole Shareholder passed on 23 February 2017" in this appendix.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or our subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in our Company's voting rights increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below [REDACTED]% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

Our Company has not made any repurchase of our own securities since our incorporation.

No core connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

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B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts


The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or any of the members of our Group within the two years immediately preceding the date of this document and are or may be material:

- (a) the Reorganisation Agreement;
- (b) the Deed of Indemnity;
- (c) the Deed of Non-Competition; and
- (d) the [REDACTED].

2. Intellectual property rights

(a) Trademark

As at the Latest Practicable Date, our Group had registered the following trademark which, in the opinion of our Directors, is material to our Group's business:

Trademark	Class	Place of registration	Registration Number	Expiry date
	7, 35, 37, 39, 41	Hong Kong	300860300	26 April 2027

(b) Domain name

As at the Latest Practicable Date, our Company had registered the following domain name, which in the opinion of our Directors, is material to the business of our Company:

Domain name	Registered owner	Expiry date
www.hing-ming.com	Hing Ming	30 April 2020

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C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) *Interests and short positions of our Directors and chief executive in the Shares, underlying Shares and debentures of our Company and our Company’s associated corporations after completion of the Capitalisation Issue and the [REDACTED]*

Immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), the interests or short positions of our Directors and chief executive in the Shares, underlying Shares or debentures of our Company which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, will be as follows:

Name of Director	Capacity/nature of interest	Number of Shares <i>(Note 1)</i>	Approximate percentage of shareholding
Mr. H.K. Tang <i>(Note 2)</i>	Interest in a controlled corporation	[REDACTED] Shares (L)	[REDACTED]%
Ms. Au <i>(Note 3)</i>	Interest of spouse	[REDACTED] Shares (L)	[REDACTED]%

Notes:

- The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
- Our Company will be owned as to [REDACTED]% by Hing Gut immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme). Hing Gut is legally and beneficially owned as to 90% by Mr. H.K. Tang and 10% by Ms. Au.
- Ms. Au is the spouse of Mr. H.K. Tang. Under the SFO, Ms. Au is deemed to be interested in the same number of Shares in which Mr. H.K. Tang is interested.

Immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), so far as our Directors are aware, the following persons (not being our Directors or chief executive) will have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or

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who will, directly or indirectly, be interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Capacity/nature of interest	Number of the Shares <i>(Note 1)</i>	Approximate percentage of shareholding
Hing Gut <i>(Note 2)</i>	Beneficial owner	[REDACTED] Shares (L)	[REDACTED]%

Notes:

1. The letter “L” denotes a person’s “long position” (as defined under Part XV of the SFO) in such Shares.
2. Our Company will be owned as to [REDACTED]% by Hing Gut immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme). Hing Gut is legally and beneficially owned as to 90% by Mr. H.K. Tang and 10% by Ms. Au.

(b) Negative statement regarding interests in securities

None of our Directors will immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme) has any discloseable interests (as referred to in (a) above) other than as disclosed at (a) above.

Our Directors are not aware of any persons who will immediately following completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than as disclosed at (a) above.

2. Particulars of Director’s service agreements and letters of appointment

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the [REDACTED] subject to the provision of retirement and rotation of Directors under the Articles of Association.

(b) Non-executive Directors and independent non-executive Directors

Each of our non-executive Directors and our independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of three years commencing from the [REDACTED], subject to the provision of retirement and rotation of Directors under the Articles of Association.

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Save as disclosed in this document, none of our Directors has entered or is proposed to enter into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation).

3. Remuneration of our Directors

During the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors (other than bonuses and contributions to pension schemes) were approximately HK\$480,000, HK\$575,000 and HK\$201,000, respectively.

During the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, the aggregate of contributions to pension schemes for our Directors were approximately HK\$15,000, HK\$15,000 and HK\$7,000, respectively.

During the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016, no bonus was paid to or receivable by our Directors.

None of our Directors or any past director(s) of any member of our Group has been paid any sum of money for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 (a) as an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emolument for the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016.

Under the arrangements currently proposed, conditional upon the [REDACTED], the basic annual remuneration (excluding payment pursuant to any discretionary benefit or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	<i>HK\$</i>
Executive Directors	
Mr. Tang Hing Keung (Mr. H.K. Tang)	840,000
Mr. Tang Ming Hei (Mr. M.H. Tang)	360,000
Non-executive Directors	
Ms. Au Fung Yee (Ms. Au)	150,000
Mr. Au Lop Wah Edmond	150,000
Independent non-executive Directors	
Mr. Kwan Woon Man Boris	100,000
Mr. Chiu Chi Wing	100,000
Mr. Tang Man Ho Michael	100,000

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Each of our executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to our Group or executing their functions in relation to our Group’s business and operations.

Save as disclosed in this document, no other emoluments have been paid or are payable, in the years ended 31 March 2015 and 2016 and the five months ended 31 August 2016 by our Group to our Directors.

4. Related party transactions

Details of the related party transactions are set out under note 29 to the Accountants’ Report set out in Appendix I to this document.

5. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or chief executive has any interest or short position in any of the Shares, underlying Shares or debentures of our Company or any of our associated corporation (within the meaning of Part XV of the SFO), immediately after completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the “required standard of dealings” as contained in Chapter 5 of the GEM Listing Rules, in each case once the Shares are [REDACTED];
- (b) our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately after the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any of the Shares that may be allotted and issued upon the exercise of the [REDACTED] and any option which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors or the experts under the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix below has been directly or indirectly interested in the promotion of, or in any asset(s) which has or have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

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- (d) none of our Directors nor the experts named under the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix below is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our Group’s business; and
- (e) none of the experts named under the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

1. Summary of terms of the Share Option Scheme

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the “**Invested Entity**”). As at the Latest Practical Date, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

(b) Who may join

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any person belonging to the following classes:

- (i) any employee (whether full time or part time, including our Directors (including any non-executive Director and independent non-executive Director)), any of our subsidiaries (within the meaning of Companies Ordinance) or any Invested Entity (an “**eligible employee**”);
- (ii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iii) any customer of any member of our Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (v) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vi) any adviser (professional or otherwise), consultant, individual or equity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group; and

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- (vii) any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly-owned by one or more eligible participants.

For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors' opinion as to such eligible participant's contribution to the development and growth of our Group.

(c) *Maximum number of Shares*

- (i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group shall not exceed 30% of the share capital of our Company in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes adopted by our Group if the grant of such options will result in the limit referred herein being exceeded.
- (ii) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Group) to be granted under the Share Option Scheme and any other share option schemes of our Group shall not in aggregate exceed 10% of the share capital of our Company in issue as at the date on which dealings in the Shares first commence on the Stock Exchange, being 40,000,000 Shares ("**General Scheme Limit**").
- (iii) Subject to (i) above and without prejudice to (iv) below, our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group shall not exceed 10% of the share capital of our Company in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted.

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- (iv) Subject to (i) above and without prejudice to (iii) above, our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (iii) above to eligible participants specifically identified by our Company before such approval is sought.

(d) Maximum entitlement of each eligible participant

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Group (including both exercised or outstanding options) to each eligible participant who accepts the offer for the grant of an option under the Share Option Scheme (a "grantee") in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options under the Share Option Scheme to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the share capital of our Company in issue, such further grant shall be separately approved by our Shareholders in general meeting with such grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting.

(e) Grant of options to core connected persons

- (i) Without prejudice to (ii) below, the making of an offer under the Share Option Scheme to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates shall be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of an option under the Share Option Scheme).
- (ii) Without prejudice to (i) above, where any grant of options under the Share Option Scheme to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options under the Share Option Scheme already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate over 0.1% of the share capital of our Company in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK\$5 million;

such further grant of options shall be approved by our Shareholders in general meeting. The proposed grantee, his associates and all core connected persons of our Company shall abstain from voting in favour at such general meeting.

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For the purpose of seeking the approval of our Shareholders under paragraphs (c), (d) and (e) above, our Company shall send a circular to our Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the GEM Listing Rules abstaining from voting.

(f) Time of acceptance and exercise of an option

An offer under the Share Option Scheme shall remain open for acceptance by the eligible participant concerned (and by no other person) for a period of up to 21 days from the date, which shall be a Business Day, on which the offer is made to the eligible participant.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on GEM or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(g) Performance targets

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(h) Subscription price for Shares

The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph (t) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;

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- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and
- (iii) the nominal value of a Share.

For the purpose of calculating the subscription price where our Company has been [REDACTED] for less than five Business Days, the [REDACTED] shall be used as the closing price for any Business Day falling within the period before the [REDACTED].

(i) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the articles of association of our Company for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(j) Restrictions on the time of grant of options

For so long as the Shares are [REDACTED] on the Stock Exchange, an offer may not be made after inside information has come to our Company's knowledge until we have announced the information. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (ii) the deadline for our Company to announce our results for any year, half-year or quarter-year period under Rules 18.49, 18.78 or 18.79 of the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no offer for the grant of an option may be made.

Our Directors may not make any offer to an eligible participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares under such circumstances as prescribed by the GEM Listing Rules or any corresponding codes or securities dealing restrictions adopted by our Company.

(k) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

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(l) Rights of ceasing employment

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(m) Rights on death, ill-health or retirement

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(n) Rights on dismissal

In respect of a grantee who is an eligible employee, the date on which the grantee ceases to be an eligible employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an eligible employee.

(o) Rights on breach of contracts

In respect of a grantee other than an eligible employee, the date on which our Directors shall at their absolute discretion determine that (aa) such grantee has committed any breach of any contract entered into between such grantee on one part and our Group or any Invested Entity on the other part; or (bb) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cession of its relation with our Group or by any other reason whatsoever, such option shall lapse as a result of any event specified in sub-paragraphs (aa) to (cc) above.

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(p) Rights on takeover

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(q) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of our Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(r) Rights on compromise or arrangement between our Company and its members or creditors

In the event of a compromise or arrangement between our Company and our members or creditors in connection with a scheme for our reconstruction or amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, we shall give notice thereof to all grantees on the same date as we give notice of the meeting to our Shareholders or creditors to consider such a scheme or arrangement, and thereupon any grantee (or his personal representative(s)) may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two Business Days (excluding any period(s) of closure of the share registers of our Company) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the share registers of our Company)

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immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and registered the grantee as holder thereof. Upon such compromise or arrangement becoming effective, all options (to the extent not already exercised) shall lapse and determine.

(s) Grantee being a company wholly-owned by eligible participants

If the grantee is a company wholly-owned by one or more eligible participants:

- (i) the provisions of paragraphs (l), (m), (n) and (o) above shall apply to the grantee and to the option granted to such grantee, mutatis mutandis, as if such option had been granted to the relevant eligible participant, and such option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (l), (m), (n) and (o) above shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to any conditions or limitations as they may impose.

(t) Adjustment of the subscription price

In the event of any alteration to the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of our Company, then, in any such case our Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

- (i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate(s) (insofar as it is/they are unexercised); and/or
- (ii) the subscription price of any option; and/or
- (iii) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

- (i) any such adjustment shall give the grantee the same proportion of the issued share capital of our Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which such grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;

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- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (iv) any such adjustment shall be made in compliance with the GEM Listing Rules and any relevant rules, codes and guidance notes issued by the Stock Exchange from time to time.

In respect of any adjustment referred to above, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

(u) Cancellation of options

Subject to the provisions in the Share Option Scheme and the GEM Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.

Where our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or any other limits approved by our Shareholders pursuant to paragraph (c)(ii) or (c)(iv) above.

(v) Termination of the Share Option Scheme

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Right of personal to the grantee

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

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(x) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of (i) the expiry of the option period in respect of such option; (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n), (o), (p), (q), (r) and (s) above; or (iii) the date on which our Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (w) above.

(y) Others

- (i) The Share Option Scheme is conditional upon:
 - (a) the Stock Exchange granting the [REDACTED] of and permission to deal in such number of Shares representing the General Scheme Limit to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and
 - (b) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of our Shareholders.
- (ii) The provisions of the Share Option Scheme relating to the matters governed by Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the articles of association for the time being of our Company for a variation of the rights attached to the Shares.
- (iii) subject to paragraph (v) below, any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by our Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iv) The terms of the Share Option Scheme and/or any options amended must comply with the applicable requirements of the GEM Listing Rules.
- (v) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

2. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

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As at the date of this document, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders (collectively, the “Indemnifiers”) have, under the Deed of Indemnity, given joint and several indemnities to our Company (for ourselves and as trustee for our subsidiaries) in connection with, among other things:

- (a) any taxation (including estate duty) falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date on which the [REDACTED] becomes unconditional; and
- (b) all costs which any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any alleged or actual violation or non-compliance by any member of our Group with any laws, regulations or administrative orders or measures in Hong Kong on or before the date on which the [REDACTED] becomes unconditional, if any.

The Indemnifiers will, however, not be liable under the Deed of Indemnity to the extent that, among others:

- in relation to items (a) and (b) above, provision has been made for such liability in the audited combined accounts of our Company or any member of our Group for the Track Record Period;
- in relation to item (a) above, the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the [REDACTED] becomes unconditional; or
- in relation to item (a) above, the taxation liability arises in the ordinary course of business of any member of our Group or in the ordinary course of acquiring and disposing of capital assets after the date on which the [REDACTED] becomes unconditional.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

2. Litigation

To the best knowledge of our Directors, save as disclosed in this document, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation, arbitration or claims of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its results of operations or financial condition.

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3. Application for [REDACTED] of Shares

Our Company has applied to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the [REDACTED] as mentioned herein and any Shares which may be allotted and issued upon the exercise of the [REDACTED]. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed CLC International as our compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the [REDACTED] and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the [REDACTED].

5. Preliminary expenses

The estimated preliminary expenses relating to the incorporation of our Company are approximately HK\$17,000 and are payable by our Company.

6. Promoter

Our Company does not have any promoter.

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualifications
BDO Limited	Certified public accountants
BDO Tax Limited	Qualified Hong Kong tax advisers
CLC International	A licensed corporation under the SFO and permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
ONC Lawyers	Hong Kong legal advisers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Frost & Sullivan	Independent professional industry consultant
Mr. Chan Chung	Barrister-at-law, our Legal Counsel

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8. Consents of experts

Each of the experts referred to above has given and has not withdrawn their respective consent to the issue of this document with the inclusion of their reports and/or letter or opinion (as the case may be) and reference to their respective names included in the form and context in which they respectively appears.

9. Fees of the Sole Sponsor

The Sole Sponsor will receive a fee of HK\$[REDACTED] to act as the sponsor to our Company in connection with the [REDACTED].

10. Independence of the Sole Sponsor

Neither the Sole Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the [REDACTED], other than the following:

- (a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sole Sponsor for acting as the sponsor of the [REDACTED]; and
- (b) by way of the compliance advisory fee to be paid to CLC International as our Company's compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules.

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may have, as a result of the [REDACTED], any interest in any class of securities of our Company or any of our subsidiaries. None of the directors and employees of the Sole Sponsor has any directorship in our Company or any other companies comprising our Group. The Sole Sponsor is independent from our Group under Rule 6A.07 of the GEM Listing Rules.

11. Binding effect

this document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Share register

The register of members of our Company will be maintained in the Cayman Islands by [REDACTED] and the branch register of members of our Company will be maintained in Hong Kong by [REDACTED]. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

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13. Taxation of holders of Shares

(a) *Hong Kong*

Dealings in Shares registered on our Company's branch register of members in Hong Kong will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *The Cayman Islands*

Under the current Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty so long as our Company does not hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the [REDACTED] can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding, disposal of or dealing in Shares or exercising any rights attaching to them.

14. Miscellaneous

Save as disclosed in this document:

- (a) within the two years immediately preceding the date of this document:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been allotted and issued, agree to be allotted and issued or is proposed to be allotted and issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
 - (iv) no founder, management or deferred shares of our Company have been allotted and issued or agreed to be allotted and issued;
- (b) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

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STATUTORY AND GENERAL INFORMATION

- (c) our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 August 2016, being the date on which the latest audited financial information of our Group was reported in the Accountants' Report set out in Appendix I to this document; and
- (d) our Directors confirm that there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this document.

15. Bilingual document

Pursuant to section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this document are being published separately.

APPENDIX V

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) copies of the [REDACTED] and [REDACTED];
- (ii) the written consents referred to in the paragraph headed “E. Other information — 8. Consents of experts” in Appendix IV to this document;
- (iii) copies of the material contracts referred to in the paragraph headed “B. Further information about the Business of our Group — 1. Summary of material contracts” in Appendix IV to this document; and
- (iv) the statement of adjustments referred to in the paragraph below headed “Documents available for inspection”.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of ONC Lawyers at 19th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

- (i) the Memorandum of Association and the Articles of Association;
- (ii) the audited financial statements of the companies comprising our Group for the two years ended 31 March 2016, except for those companies for which there are no statutory audit requirements in their respective jurisdictions of incorporation;
- (iii) the accountants’ report of our Group dated 28 February 2017 for the two years ended 31 March 2016 and the five months ended 31 August 2016 prepared by BDO Limited, the text of which is set out in Appendix I to this document, and the related statement of adjustments;
- (iv) the assurance report dated 28 February 2017 on the compilation of the unaudited pro forma financial information of our Group prepared by BDO Limited, the text of which is set out in Section B of Appendix II to this document;
- (v) the letter of advice prepared by Conyers Dill & Pearman, the legal advisers to our Company as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this document;
- (vi) the written confirmation issued by ONC Lawyers, the legal advisers to our Company as to Hong Kong law, in relation to the property leased by a subsidiary of our Group, details of which are set out in the paragraph headed “Business — Property” in this document;
- (vii) the Companies Law;

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**DOCUMENTS DELIVERED TO THE REGISTRAR OF
COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (viii) the material contracts referred to in the paragraph headed “B. Further information about the Business of our Group — 1. Summary of material contracts” in Appendix IV to this document;
- (ix) the service agreements with the executive Directors and the appointment letters with the non-executive Director and the independent non-executive Directors referred to in the paragraph headed “C. Further information about our Directors and Substantial Shareholders — 2. Particulars of Director’s service agreements and letters of appointment” in Appendix IV to this document;
- (x) the written consents referred to in the paragraph headed “E. Other information — 8. Consents of experts” in Appendix IV to this document;
- (xi) the rules of the Share Option Scheme;
- (xii) the written legal opinion prepared by Mr. Chan Chung, our Legal Counsel, as to certain aspects of Hong Kong law relating to, among other things, certain non-compliance of our Group;
- (xiii) the written tax opinion prepared by BDO Tax Limited in respect of taxation; and
- (xiv) the independent market research report entitled “Hong Kong Temporary Suspended Working Platform and Tower Crane Market Study” dated 28 February 2017, commissioned by our Company and prepared by Frost & Sullivan.