
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Acceptance Form or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chong Kin Group Holdings Limited, you should at once hand this Composite Document and the accompanying Acceptance Form to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or transferee(s).

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

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

PRESTIGE RICH HOLDINGS LIMITED
(Incorporated in the BVI with limited liability)

CHONG KIN GROUP HOLDINGS LIMITED
創建集團(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1609)

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF PRESTIGE RICH HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHONG KIN GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
PRESTIGE RICH HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

**Financial adviser to
Prestige Rich Holdings Limited**


Optima Capital Limited

**Joint financial advisers to
Chong Kin Group Holdings Limited**

 **TC CAPITAL**

 **SORRENTO
CAPITAL LIMITED**
聯天資本有限公司

Independent Financial Adviser to the Independent Board Committee

 **GOLDIN FINANCIAL LIMITED**
高銀融資有限公司

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

A letter from Optima Capital containing, among other things, details of the terms of the Offer is set out on pages 8 to 19 of this Composite Document. A letter from the Board is set out on pages 20 to 24 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 25 to 26 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee is set out on pages 27 to 41 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Acceptance Form. Acceptance of the Offer must be received by the Registrar, namely Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on Friday, 12 January 2018 or such later time and/or the date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees who would, or otherwise intend to, forward this Composite Document and/or the accompanying Acceptance Form to any jurisdiction outside Hong Kong should read the details in this regard as contained in the section headed “Important notices” in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents which may be required, compliance with other necessary formalities or legal requirements, and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

This Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <https://www.chongkin.com.hk> as long as the Offer remains open.

22 December 2017

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	1
IMPORTANT NOTICES	3
DEFINITIONS	4
LETTER FROM OPTIMA CAPITAL	8
LETTER FROM THE BOARD	20
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	25
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	27
APPENDIX I – FURTHER TERMS AND PROCEDURES FOR ACCEPTANCE OF THE OFFER	I-1
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION PURSUANT TO SCHEDULE I OF THE TAKEOVERS CODE	III-1
APPENDIX IV – GENERAL INFORMATION PURSUANT TO SCHEDULE II OF THE TAKEOVERS CODE	IV-1
ACCOMPANYING DOCUMENT – ACCEPTANCE FORM	

EXPECTED TIMETABLE

The timetable sets out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable. All references to times and dates contained in this Composite Document are to Hong Kong time and dates.

Despatch date of this Composite Document and the accompanying Acceptance Form (<i>Note 1</i>)	Friday, 22 December 2017
Offer opens for acceptance (<i>Note 2</i>)	Friday, 22 December 2017
Latest time and date for acceptance of the Offer (<i>Notes 2, 4, 5 and 6</i>)	4: 00 p.m. on Friday, 12 January 2018
Closing Date (<i>Note 2</i>)	Friday, 12 January 2018
Announcement of the results of the Offer on the website of the Stock Exchange (<i>Note 2</i>)	by 7: 00 p.m. on Friday, 12 January 2018
Latest date of posting of remittances in respect of valid acceptances received on or before the latest time for acceptance of the Offer (<i>Notes 3 and 6</i>)	Tuesday, 23 January 2018

Notes:

1. The Offer, which is unconditional in all respects, is made on Friday, 22 December 2017 (being the date of this Composite Document) and are capable of acceptance on and from that date until the Closing Date.
2. The latest time for acceptance of the Offer is 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended or has expired. In the event that the Offeror decides to extend the Offer, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the Registrar of all the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance to render the acceptance under the Offer complete and valid.
4. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the paragraph headed "6. Right of withdrawal" in Appendix I to this Composite Document.
5. Beneficial owners of Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS. Further details in this regard have been set out in Appendix I to this Composite Document.

EXPECTED TIMETABLE

6. The latest time and date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances will be varied if there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
- (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer or the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, in which cases the latest time for acceptance of the Offer or the posting of remittances, as the case may be, will remain at 4:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer or the latest date for posting of remittance for the amounts due under the Offer in respect of valid acceptances, in which cases the latest time for acceptance of the Offer or the posting of remittances, as the case may be, will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

The Offeror and the Company will notify the Independent Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

IMPORTANT NOTICES

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements and, where necessary, seek independent legal advice. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including obtaining any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities or legal requirements, and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. Any acceptance by any Shareholders will be deemed to constitute a representation and warranty from such Shareholders to the Offeror that the local laws and requirements have been complied with. The Shareholders should consult their professional advisers if in doubt. Please refer to the section headed “Overseas Shareholders” in the letter from Optima Capital contained in this Composite Document and the section headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings.

“Acceptance Form”	the form of acceptance and transfer for the Offer Shares
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Agreement”	the sale and purchase agreement dated 29 November 2017 entered into among the Offeror, Mr. Zhang (being guarantor of the Offeror), the Vendor, Mr. Chan and Mr. Cheung (both being guarantors of the Vendor, on a joint and several basis) in relation to the acquisition of the Sale Shares by the Offeror from the Vendor
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	Friday, 12 January 2018, being the closing date of the Offer or any subsequent closing date of the Offer as may be extended or revised in accordance with the Takeovers Code
“Company”	Chong Kin Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1609)
“Completion”	completion of the sale and purchase of the Sale Shares under the Agreement
“Composite Document”	the composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code
“Director(s)”	director(s) of the Company from time to time

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Group”	the Company and its subsidiaries (from time to time)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, which has been formed for the purpose of advising the Independent Shareholders in respect of the Offer
“Independent Financial Adviser” or “Goldin”	Goldin Financial Limited, a corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in relation to the Offer
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 1 December 2017 jointly issued by the Company and the Offeror in respect of, among other things, the Offer
“Last Trading Day”	29 November 2017, being the last trading day on which the Shares were traded on the Stock Exchange immediately before the publication of the Joint Announcement
“Latest Practicable Date”	19 December 2017, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mr. Chan”	Mr. Chan Yiu Hung, the beneficial owner of 30% of the issued share capital of the Vendor

DEFINITIONS

“Mr. Cheung”	Mr. Cheung Yuk Kei, an executive Director and the chairman of the Board, and the beneficial owner of 70% of the issued share capital of the Vendor
“Mr. Zhang”	Mr. Zhang Jinbing, the ultimate and sole beneficial owner of the entire issued share capital of the Offeror and the sole director of the Offeror
“Offer”	the unconditional mandatory cash offer being made by Optima Capital on behalf of the Offeror to acquire the Offer Shares on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code
“Offer Period”	the period commencing on 1 December 2017, being the date of the Joint Announcement, up to and including the Closing Date
“Offer Price”	HK\$1.1507 for each Offer Share payable by the Offeror to the Independent Shareholders accepting the Offer
“Offer Share(s)”	the Share(s) subject to the Offer, being all the issued Share(s) other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Prestige Rich Holdings Limited, a company incorporated in the BVI with limited liability, being the purchaser of the Sale Shares under the Agreement and the offeror in respect of the Offer
“Optima Capital”	Optima Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Offeror
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company is/are outside Hong Kong
“PRC”	the People’s Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar of the Company
“Relevant Period”	the period commencing on the date falling six months preceding 1 December 2017, being the date of commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale Share(s)”	an aggregate of 573,600,000 Shares, representing 75% of the issued share capital of the Company, acquired by the Offeror from the Vendor pursuant to the terms and conditions of the Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendor”	Pioneer Investment Limited, a company incorporated in the BVI with limited liability, being the vendor of the Sale Shares under the Agreement and the controlling shareholder of the Company interested in 75% of the issued share capital of the Company immediately prior to Completion, which is ultimately owned as to 70% by Mr. Cheung, being the executive Director and the chairman of the Board, and 30% by Mr. Chan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

* *The English translation of the Chinese name denoted in this Composite Document is for illustration purpose only. Should there be any inconsistencies, the Chinese name shall prevail.*

LETTER FROM OPTIMA CAPITAL



Suite 1501, 15th Floor
Jardine House
1 Connaught Place
Central, Hong Kong

22 December 2017

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF PRESTIGE RICH HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHONG KIN GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
PRESTIGE RICH HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

Reference is made to the Joint Announcement. On 29 November 2017, the Vendor (being seller), Mr. Chan and Mr. Cheung (both being guarantors of the Vendor, on a joint and several basis), the Offeror (being purchaser) and Mr. Zhang (being guarantor of the Offeror) entered into the Agreement, pursuant to which the Offeror agreed to acquire from the Vendor the Sale Shares for a consideration of HK\$660,000,000 (equivalent to approximately HK\$1.15062 per Sale Share). Completion took place immediately after signing of the Agreement (i.e. on 29 November 2017).

Upon Completion and as at the Latest Practicable Date, the Offeror was interested in 75% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

We, Optima Capital, are making the Offer for and on behalf of the Offeror.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information on the Offeror and its intention in relation to the Company. Further details of the Offer are set out in Appendix I to this Composite Document and in the accompanying Acceptance Form. Your attention is also drawn to information contained in the letter from the Board, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the appendices set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

LETTER FROM OPTIMA CAPITAL

2. THE OFFER

Principal terms of the Offer

The Offer is being made by Optima Capital on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For every Offer Share HK\$1.1507 in cash

The Offer Price of HK\$1.1507 per Offer Share is determined at a price of no less than the consideration of approximately HK\$1.15062 per Sale Share paid by the Offeror under the Agreement.

As at the Latest Practicable Date, the Company had 764,800,000 Shares in issue. The Company had no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares or other types of equity interest, and had not entered into any agreement for the issue of such securities, options, derivatives or warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares as at the Latest Practicable Date.

The Offer is unconditional in all respects.

The Offer Price

The Offer Price of HK\$1.1507 per Offer Share represents:

- (i) a discount of approximately 48.9% to the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 50.8% to the closing price of HK\$2.34 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 45.5% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$2.11 per Share;
- (iv) a discount of approximately 42.5% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day of HK\$2.00 per Share;
- (v) a discount of approximately 22.4% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$1.48 per Share; and

LETTER FROM OPTIMA CAPITAL

- (vi) a premium of approximately 307.8% over the unaudited consolidated net asset value of the Group of approximately HK\$0.2822 per Share as at 30 September 2017 (calculated by dividing the unaudited consolidated net asset of the Group of approximately HK\$215.8 million as at 30 September 2017 as disclosed in the interim report of the Company dated 8 November 2017 by 764,800,000 issued Shares as at that date).

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.55 per Share on 7 December 2017, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.50 per Share on 1 August 2017, 2 August 2017, 10 August 2017, 11 August 2017 and 16 August 2017 respectively.

Value of the Offer

As at the Latest Practicable Date, there were 764,800,000 Shares in issue. Based on the Offer Price of HK\$1.1507 per Offer Share, the entire issued share capital of the Company is valued at approximately HK\$880.1 million. Taking into account the 573,600,000 Shares that are already owned or agreed to be acquired by the Offeror and parties acting in concert with it, a total of 191,200,000 Shares will be subject to the Offer.

Based on the Offer Price of HK\$1.1507 per Offer Share and a total of 191,200,000 Offer Shares, the value of the Offer amounts to approximately HK\$220 million.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the maximum cash consideration payable under the Offer of approximately HK\$220 million by its internal resources.

Optima Capital, being the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

Effect of accepting the Offer

The acceptance of the Offer by the Shareholders will constitute warranties by such Shareholders to the Offeror that the Shares acquired under the Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

LETTER FROM OPTIMA CAPITAL

The Offer is being made in compliance with the Takeovers Code which is administered by the Executive. Acceptance of the Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Independent Shareholders are reminded to read the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Offer and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer which is included in this Composite Document before making decision as regards the Offer.

Dealing and interest in the Company's securities

During the Relevant Period, the Offeror had dealt in the Shares as follows:

Date <i>2017</i>	Nature of dealing	Number of Shares involved	Price per Share <i>HK\$</i>
4 September	Purchase	6,660,000	0.8420
5 September	Purchase	560,000	0.8507
6 September	Purchase	2,480,000	0.9186
7 September	Purchase	650,000	0.9200
8 September	Purchase	300,000	0.9000
11 September	Purchase	3,760,000	0.9544
13 September	Purchase	100,000	0.9400
6 October	Sale	(3,500,000)	1.0900
9 October	Sale	(11,010,000)	1.1486

Save for the above and the Agreement, none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

Stamp duty

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer, whichever is the higher, which will be deducted from the cash amount payable by the Offeror to such Independent Shareholders on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will

LETTER FROM OPTIMA CAPITAL

pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed Acceptance Form and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror or its agent acting on behalf of it to render each of such acceptance complete and valid pursuant to the Takeovers Code.

Taxation advice

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

Overseas Shareholders

The Offer is available to all Independent Shareholders including Overseas Shareholders. The availability of the Offer to persons who are not residents in Hong Kong or who have registered addresses outside Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice.

It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Shareholders will be deemed to constitute a representation and warranty from such Shareholders to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.

LETTER FROM OPTIMA CAPITAL

Acceptance and Settlement

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

3. INFORMATION ON THE OFFEROR

The Offeror was incorporated in the BVI with limited liability and the ultimate beneficial owner is Mr. Zhang, who is also the sole director of the Offeror. The Offeror is principally engaged in investment holding.

4. INTENTION OF THE OFFEROR ON THE COMPANY

As detailed in the letter from the Board contained in this Composite Document, the Group is principally engaged in providing concrete placing services and other ancillary services.

The Offeror intends to continue the existing principal businesses of the Group. After the close of the Offer, the Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group's future development. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, business rationalisation, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

Notwithstanding the above, as at the Latest Practicable Date, no investment or business opportunity had been identified, nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (i) the injection of any assets or business into the Group; and (ii) the downsizing or disposal of the existing principal businesses of the Group. The Offeror has no intention to discontinue the employment of the employees (save for the proposed changes to the Board as described in the section headed "Proposed change of the Board composition" below) or to dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

5. COMPULSORY ACQUISITION AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror does not intend to avail itself of any powers of compulsory acquisition.

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

LETTER FROM OPTIMA CAPITAL

The Offeror intends the Company to remain listed on the Main Board of the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares.

6. PROPOSED CHANGE OF THE BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprised three executive Directors, namely Mr. Cheung Yuk Kei, Mr. Cheung Man Tim and Mr. Fung Chi Chung, and three independent non-executive Directors, namely Mr. Miu Hon Kit, Mr. Leung Chi Wai and Mr. Seid Ka Him.

All current Directors have indicated to the Board that they will resign from the Board with effect immediately after the close of the Offer or such earlier date as permitted under the Takeovers Code.

The Offeror intends to nominate Mr. Zhang as the executive Director, Mr. Poon Chiu Kwok as non-executive Director and Dr. Zhu Zhengfu, Dr. Li Yifei and Mr. Tse Chi Wai as the independent non-executive Directors with effect from a date which is no earlier than such date as permitted for resignation and appointment of Directors under Rule 26.4 of the Takeovers Code, being the day immediately after the despatch of this Composite Document. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement for the details of the change of the Board composition and biographies of Directors will be made by the Company as and when appropriate.

The biographies of the proposed Directors are set out below:

Proposed executive Director

Mr. Zhang

Mr. Zhang, aged 46, graduated from Guangzhou Foreign Language Institute with a Bachelor's Degree of Arts in 1994. Mr. Zhang has extensive experience in corporate management and has wide range of investment experience in property development projects in the PRC.

Mr. Zhang has served on the board of directors of O Luxe Holdings Limited ("**O Luxe**") (stock code: 860), a company listed on the Stock Exchange, since January 2015. He had been its executive director and chief executive officer for the period from January 2015 to June 2015 and became its executive director and chairman of the board of director in June 2015 until November 2017. As at the Latest Practicable Date, Mr. Zhang was a non-executive director and the co-chairman of O Luxe. O Luxe and its subsidiaries are principally engaged in a wide range of business including exports and domestic trading, retail and wholesale of jewellery products and watches, money lending, securities investments, property investment, mining, manufacturing of electronic vehicles and the provision of related engineering solutions.

LETTER FROM OPTIMA CAPITAL

Mr. Zhang was an executive director of Synertone Communication Corporation (stock code: 1613), a company listed on the Stock Exchange, for the period from August 2012 to April 2014. From 2004 to 2006 he worked as a general manager for Guangdong Copper Alloy Material Company Limited. Mr. Zhang founded China Golden Holdings Limited in 2006, which is principally engaged in trading of coppers, car parts and stationeries.

Proposed non-executive Director

Mr. Poon Chiu Kwok (“Mr. Poon”)

Mr. Poon, aged 55, obtained a postgraduate diploma in laws from the University of London in December 2010. Mr. Poon received a Master’s degree in international accounting awarded by the City University of Hong Kong in November 1997, Bachelor’s degree in laws awarded by University of Wolverhampton, the United Kingdom in October 2004 and a Bachelor’s degree in business studies awarded by City Polytechnic of Hong Kong (now known as City University of Hong Kong) in December 1994. Mr. Poon has more than 27 years of experience in compliance, corporate finance and listed companies management. Mr. Poon is a fellow member of CPA Australia, The Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Chartered Secretaries and a member of its Technical Consultation Panel and Professional Development Committee. Mr. Poon is also a fellow member of Hong Kong Securities and Investment Institute and is its associate instructor.

As at Latest Practicable Date, Mr. Poon was an executive director, vice president and company secretary of Huabao International Holdings Limited (stock code: 336) and an independent non-executive director of AUX International Holdings Limited (stock code: 2080), TUS International Limited (stock code: 872), Changan Minsheng APLL Logistics Co. Ltd. (stock code: 1292), Greentown Service Group Co., Ltd. (stock code: 2869), Sany Heavy Equipment International Holdings Company Limited (stock code: 631), Sunac China Holdings Limited (“Sunac”) (stock code: 1918), Tonly Electronics Holdings Limited (stock code: 1249), Yuanda China Holdings Limited (stock code: 2789), Jinchuan Group International Resources Co. Ltd. (stock code: 2362), Honghua Group Limited (stock code: 196) and Yanzhou Coal Mining Company Limited (stock code: 1171), the shares of these companies are listed on the Stock Exchange.

Proposed independent non-executive Directors

Dr. Zhu Zhengfu (“Dr. Zhu”)

Dr. Zhu, aged 53, obtained the qualification of an independent director jointly awarded by the China Securities Regulatory Commission and School of Management, Fudan University in the PRC in April 2002. Dr. Zhu received a Master’s and Doctor’s degrees in laws from Wuhan University, the PRC in July 1987 and December 1997 respectively. Dr. Zhu is also a member of the National Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議全國委員會) and the vice president of All China Lawyers Association (中華全國律師協會).

LETTER FROM OPTIMA CAPITAL

As at Latest Practicable Date, Dr. Zhu was an independent non-executive director of Dongjiang Environmental Company Limited (東江環保股份有限公司) (stock code: 895) (the shares of which are listed on the Stock Exchange), Zall Group Ltd. (卓爾集團股份有限公司) (stock code: 2098) (the shares of which are listed on the Stock Exchange), Guangdong Guangzhou Daily Media Co., Ltd. (廣東廣州日報傳媒股份有限公司) (stock code: 2181) (the shares of which are listed on Shenzhen Stock Exchange), Poly Real Estate Group Co., Ltd. (保利房地產(集團)股份有限公司) (stock code: 600048) (the shares of which are listed on Shanghai Stock Exchange). He was an independent non-executive director of Beijing Honggao Creative Construction Design Co., Ltd. (北京弘高創意建築設計股份有限公司) (stock code: 2504) (the shares of which are listed on Shenzhen Stock Exchange) for the period from November 2014 to November 2017, a member of the supervisory committee of CSSC Offshore & Marine Engineering (Group) Company Limited (中船海洋與防務裝備股份有限公司) (stock code: 317) (the shares of which are listed on the Stock Exchange) since May 2011 and an independent non-executive director of O Luxe for the period from May 2015 to November 2017.

Dr. Li Yifei (“Dr. Li”)

Dr. Li, aged 53, graduated from the School of Economics of Wuhan University (武漢大學) in 1985 and obtained a doctoral degree in economics from the School of Economics of Wuhan University in December 2000.

As at Latest Practicable Date, Dr. Li was the chairman of the board of directors of Guangzhou Huayi Enterprise Group Co., Ltd. (廣州華藝企業集團有限公司), committee member of the Guangdong Province Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議廣東省委員會), president of Guangzhou Dayi Culture and Arts Fund (廣州市大藝文化藝術基金會) and member of the board of directors of Wuhan University (武漢大學). Dr. Li was also an independent non-executive director of O Luxe for the period from May 2015 to November 2017.

Mr. Tse Chi Wai (“Mr. Tse”)

Mr. Tse, aged 50, graduated from the University of Hong Kong with a Bachelor’s degree in social science in December 1989. Mr. Tse has over 25 years of experience in auditing, accounting and finance gained from working in various international accounting firm and listed companies. Mr. Tse is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

As at the Latest Practicable Date, Mr. Tse was an executive director, the chief financial officer and company secretary of the China Information Technology Development Limited (stock code: 8178), a company listed on the Growth Enterprise Market of Stock Exchange, an executive director of Jih Sun Financial Holding Company Limited (stock code: 5820), the shares of which are listed in Taiwan, an independent non-executive director of China Environmental Technology Holdings Limited (stock code: 646), Great Water Holdings Limited (stock code: 8196) and Huarong Investment Stock Corporation Limited (stock code: 2277), the shares of these companies are listed on the Stock Exchange. Mr. Tse was an independent non-executive

LETTER FROM OPTIMA CAPITAL

director of Greens Holdings Limited (“**Greens**”) (stock code: 1318) from 14 March 2015 to 19 November 2015 and Sunac from 19 December 2012 to 19 December 2017, the share of these companies are listed on the Stock Exchange.

During the period between March 2015 and November 2015, Mr. Tse was an independent non-executive director of Greens. Greens announced that (i) on 2 September 2015, Greens filed a winding up petition (the “**Cayman Winding Up Petition**”) with the Grand Court of the Cayman Islands as Greens was unable to repay its debt; (ii) on 29 September 2015, a winding up petition (the “**Hong Kong Winding Up Petition**”) was filed with the High Court of Hong Kong against Greens by a bondholder for an outstanding debt under the unlisted bonds issued by Greens in January 2015; (iii) on 8 October 2015, joint provisional liquidators were appointed pursuant to an order of the Grand Court of the Cayman Islands; (iv) the hearing of the Hong Kong Winding Up Petition, which was originally scheduled on 2 December 2015, had been adjourned several times to 3 August 2016, on which the petitioner was granted leave to withdraw the Hong Kong Winding Up Petition; (v) the Grand Court of the Cayman Islands convened a case management conference on 7 April 2016 and ordered that the Cayman Winding Up Petition be listed for directions hearing on 17 May 2016, which was adjourned and rescheduled for several times until a date to be fixed after 30 April 2017; and (vi) the Stock Exchange issued a letter dated 28 October 2016 to Greens stating that it had decided to place Greens into the third delisting stage. Mr. Tse confirmed that (i) there is no wrongful act on his part leading to the said winding up petitions and he is not aware of any actual or potential claim which has been or will be made against him as a result of the said winding up petitions; and (ii) his involvement in Greens during his tenure was part and parcel of his services as a director thereof and no misconduct or misfeasance on his part had been involved in the said winding up petitions.

The following particulars relating to Mr. Poon and Mr. Tse are disclosed pursuant to Rule 13.51(2)(n)(iv) of the Listing Rules:

In October 2017, based on findings made by the Listing Committee of the Stock Exchange (“**Listing Committee**”) in respect of Sunac and on Sunac’s acceptance, without admission of any liabilities and for the purpose of settlement, of the relevant findings, the Listing Committee censured Sunac for breaching Rule 2.13(2) of the Listing Rules for failure to ensure the announcements made in February 2015 and May 2015 were accurate and complete in all material aspects, and not misleading. (For details, please refer to the Listing Committee’s news issued on 26 October 2017.)

Although Mr. Poon and Mr. Tse were independent non-executive directors of Sunac at the relevant time, Mr. Poon and Mr. Tse were not personally subject to any investigation process, disciplinary action or censure from the Listing Committee or any other competent authority in respect of the above matters.

LETTER FROM OPTIMA CAPITAL

As disclosed above, the proposed Directors possess rich experience in corporate and business management of a wide range of industry. The Offeror believes that the proposed Directors have the experience and skill sets to oversee the business of the Group which will continue to be operated by the existing directors and senior management of the operating subsidiaries under the supervision of the Board.

As at the Latest Practicable Date, save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there was no other matter with respect to the proposed appointment of the new Directors that needs to be brought to the attention of the Shareholders and there was no information relating to the new Directors that is required to be disclosed pursuant to Rule 15.51(2) of the Listing Rules.

7. GENERAL INFORMATION

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

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

Attention of the Overseas Shareholders is drawn to the section headed “Important notices” contained in this Composite Document and the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document.

All documents and remittances to be sent to the Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Shareholders at their respective addresses as they appear in the register of the members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. None of the Offeror, the Company, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

LETTER FROM OPTIMA CAPITAL

8. ADDITIONAL INFORMATION ABOUT THE OFFER

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the Acceptance Form, which form part of this Composite Document. You are reminded to carefully read the letter from the Board, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and other information about the Group, which are set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Optima Capital Limited
Mei H. Leung
Chairman

LETTER FROM THE BOARD

CHONG KIN GROUP HOLDINGS LIMITED

創建集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1609)

Executive Directors:

Mr. Cheung Yuk Kei (*Chairman*)

Mr. Cheung Man Tim (*Chief Executive Officer*)

Mr. Fung Chi Chung

Independent Non-executive Directors:

Mr. Miu Hon Kit

Mr. Leung Chi Wai

Mr. Seid Ka Him

Registered Office

in the Cayman Islands:

P.O. Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

*Headquarters and Principal Place
of Business in Hong Kong:*

Office B, 31st Floor

Billion Plaza II

10 Cheung Yue Street

Cheung Sha Wan

Kowloon

Hong Kong

22 December 2017

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF PRESTIGE RICH HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHONG KIN GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
PRESTIGE RICH HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement in relation to, among other things, the unconditional mandatory cash general offer being made by Optima Capital for and on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As disclosed in the Joint Announcement, immediately following Completion, the Offeror was interested in 573,600,000 Shares (representing 75% of the issued share capital of the Company). Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to

LETTER FROM THE BOARD

make an unconditional mandatory general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offer, and the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Offer, and the advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

THE OFFER

Principal terms of the Offer

Optima Capital, for and on behalf of the Offeror, is making the Offer on the terms set out in this Composite Document in accordance with the Takeovers Code on the following basis:

For every Offer Share HK\$1.1507 in cash

The Offer Price of HK\$1.1507 per Offer Share is determined at a price of no less than the consideration of approximately HK\$1.15062 per Sale Share paid by the Offeror under the Agreement.

The Offer extends to all Shares in issue on the date on which the Offer is made, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, the Company has 764,800,000 Shares in issue. The Company has no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares or other types of equity interest, and has not entered into any agreement for the issue of such securities, options, derivatives or warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares as at the Latest Practicable Date.

Further details of the Offer

Your attention is drawn to the further details of the Offer including, among others, the terms and procedures for acceptance of the Offer, settlement and acceptance period which are set out in the letter from Optima Capital contained in this Composite Document, Appendix I to this Composite Document and the accompanying Acceptance Form.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability on 31 May 2016 and its Shares have been listed on the Main Board of the Stock Exchange since 17 October 2016. As at the Latest Practicable Date, the Group was principally engaged in provision of concrete placing services and other ancillary services as a subcontractor in Hong Kong.

Your attention is drawn to Appendices II and IV to this Composite Document which contain further financial information and general information of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately after Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		Immediately after Completion and as at the Latest Practicable Date	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Vendor and parties acting in concert with it (<i>Note</i>)	573,600,000	75.0	–	–
The Offeror and parties acting in concert with it	–	–	573,600,000	75.0
Public Shareholders	<u>191,200,000</u>	<u>25.0</u>	<u>191,200,000</u>	<u>25.0</u>
Total	<u>764,800,000</u>	<u>100.0</u>	<u>764,800,000</u>	<u>100.0</u>

Note: Immediately prior to Completion, these Shares were held by the Vendor, the entire issued share capital of which is owned as to 70% by Mr. Cheung, being the executive Director and the chairman of the Board, and 30% by Mr. Chan.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the letter from Optima Capital as set out on pages 8 to 19 of this Composite Document for information on the Offeror.

LETTER FROM THE BOARD

OFFEROR'S INTENTION ON THE GROUP AND THE PROPOSED CHANGE OF COMPOSITION OF THE BOARD

Your attention is drawn to the sections headed "Intention of the Offeror on the Company", "Compulsory acquisition and maintaining the listing status of the Company" and "Proposed change of the Board composition" in the letter from Optima Capital contained in this Composite Document for the Offeror's intention with respect to the Group, including proposed change of Board composition and maintaining the listing status of the Company. The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Main Board of the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares.

COMPULSORY ACQUISITION

The Offeror indicates that it does not intend to avail itself of any powers of compulsory acquisition.

ADVICE AND RECOMMENDATION

Pursuant to Rules 2.1 of the Takeovers Code, the Independent Board Committee has been established to make recommendation to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Goldin has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and in particular as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

Your attention is drawn to the letter from the Independent Board Committee and the letter from the Independent Financial Adviser as set out in this Composite Document containing their advice and recommendation to the Independent Board Committee and the Independent Shareholders respectively in respect of the Offer, and the principal factors and reasons they have considered before arriving at their respective recommendation and advice.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully this Composite Document and the accompanying Acceptance Form for further details in respect of the procedures for acceptance of the Offer. In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of the Board
Chong Kin Group Holdings Limited
Cheung Yuk Kei
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

CHONG KIN GROUP HOLDINGS LIMITED

創建集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1609)

22 December 2017

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF PRESTIGE RICH HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHONG KIN GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
PRESTIGE RICH HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document dated 22 December 2017 jointly issued by the Offeror and the Company (the “**Composite Document**”) of which this letter forms part. Terms used in this letter shall have the meanings as defined in the Composite Document unless the context requires otherwise.

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

Goldin has been appointed as the independent financial adviser to advise us in respect of the terms of the Offer and as to the acceptance of the Offer. Details of the advice and recommendation and the principal factors and reasons considered by it in arriving at its advice and recommendation are set out in the “Letter From the Independent Financial Adviser” (the “**IFA Letter**”) on pages 27 to 41 of the Composite Document.

We also wish to draw your attention to the “Letter From Optima Capital” and the “Letter From the Board” and the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

ADVICE AND RECOMMENDATION

Having taken into account the terms of the Offer, the advice and recommendation of the Independent Financial Adviser contained in the IFA Letter and the principal factors and reasons considered by it in arriving at its advice and recommendation, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and therefore we recommend the Independent Shareholders to accept the Offer. Independent Shareholders are recommended to read the full text of the IFA Letter set out in the Composite Document. Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,

For and on behalf of
the Independent Board Committee of
Chong Kin Group Holdings Limited

Mr. Miu Hon Kit
*Independent non-executive
Director*

Mr. Leung Chi Wai
*Independent non-executive
Director*

Mr. Seid Ka Him
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Goldin setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer, which has been prepared for the purpose of inclusion in this Composite Document.



GOLDIN FINANCIAL LIMITED
高銀融資有限公司

Goldin Financial Limited
Suites 2202-2209, 22/F
Two International Finance Centre
8 Finance Street
Central
Hong Kong

22 December 2017

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**UNCONDITIONAL MANDATORY CASH GENERAL OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF PRESTIGE RICH HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHONG KIN GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
PRESTIGE RICH HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer. The details of the Offer, among other things, are set out in the Composite Document dated 22 December 2017, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement. On 29 November 2017, the Vendor (being seller), Mr. Chan and Mr. Cheung (both being guarantors of the Vendor, on a joint and several basis), the Offeror (being purchaser) and Mr. Zhang (being guarantor of the Offeror) entered into the Agreement, pursuant to which the Offeror agreed to acquire from the Vendor the Sale Shares for a consideration of HK\$660,000,000 (equivalent to approximately HK\$1.15062 per Sale Share). Completion took place immediately after signing of the Agreement (i.e. on 29 November 2017).

Upon Completion and as at the Latest Practicable Date, the Offeror was interested in 75% of the issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Company had 764,800,000 Shares in issue. The Company had no outstanding securities, options, derivatives or warrants which are convertible or exchangeable into Shares or other types of equity interest, and had not entered into any agreement for the issue of such securities, options, derivatives or warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares as at the Latest Practicable Date.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Miu Hon Kit, Mr. Leung Chi Wai and Mr. Seid Ka Him, who have no direct or indirect interest in the Offer, has been established by the Company in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

We, Goldin Financial Limited, have been appointed by the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and whether the Independent Shareholders should accept the Offer. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

Apart from the normal professional fees for our services to the Company in connection with the Offer, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. We have not acted, within the past two years, as an independent financial adviser or a financial adviser to the Company. As at the Latest Practicable Date, we are not aware of any relationships or interests between us and the Group, the Offeror, their respective substantial shareholders, directors or chief executive, their respective associates, or any party acting in concert with any of them that could reasonably be regarded as relevant to our independence. We are independent under Rule 13.84 of the Listing Rules and under the Takeovers Code to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Offer.

BASIS OF OUR ADVICE

In formulating our opinion and recommendations, we have reviewed, inter alia, the Joint Announcement, the annual report of the Company for the year ended 31 March 2017 (the “**Annual Report 2017**”), the interim report of the Company for the six months ended 30 September 2017 (the “**Interim Report 2017**”) and the prospectus of the Company dated 30 September 2016 (the “**Prospectus**”). We have relied on the statements, information and representations contained or referred to in the Composite Document and the information provided and representations made to us by the Directors and the management of the Company. We have assumed that all the statements, information and representations contained or referred to in the Composite Document and all the information provided and representations made by the Directors and the management of the Company for which they are solely responsible, are true and accurate in all material respects as at the Latest Practicable Date and Shareholders will be notified of material changes, if any, as soon as

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

possible in accordance with Rule 9.1 of the Takeovers Code. We have no reason to doubt the truth, accuracy and completeness of the information provided and representations made to us by the Directors and the management of the Company. We consider that the information provided and representations made to us are sufficient for us to form a reasonable basis for our opinion. We are not aware of any reason to suspect any relevant information has been withheld; nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. The Directors have confirmed that, having made all reasonable enquiries and to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement (other than the information relating to the Offeror and the parties acting in concert with it) in the Composite Document, including this letter, incorrect or misleading. We have not, however, carried out any independent verification of the information provided; nor have we conducted any independent investigation into the business and affairs of the Group and the Offeror.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendations on the Offer to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Company is an investment holding company. The Group principally provide concrete placing services and other ancillary services as a subcontractor for both (i) public sector projects, including building and infrastructure related projects and (ii) private sector projects, which are mostly building related projects in Hong Kong. The Shares of the Company were listed on the Main Board of the Stock Exchange on 17 October 2016.

1.1 Financial overview of the Group

Set out in Table 1 below is a summary of the audited consolidated financial information of the Group for each of the four financial years ended 31 March 2014, 2015, 2016 and 2017, and the unaudited consolidated financial information of the Group for each of the six months ended 30 September 2016 and 2017, as extracted from the Prospectus, the Annual Report 2017 and the Interim Report 2017, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 1: Financial highlights of the Group

	For the six months ended 30 September		For the year ended 31 March			
	2017	2016	2017	2016	2015	2014
	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>
Revenue	218,231	234,889	485,646	378,479	273,560	187,122
Profit for the year/period attributable to owners of the Company	17,228	21,847	44,425	30,207	21,647	16,709
	As at 30 September		As at 31 March			
	2017	2017	2017	2016	2015	2014
	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>	<i>HK\$'000</i> <i>(audited)</i>
Non-current assets	39,161	45,898	37,581	47,742	33,134	33,134
Current assets	265,497	272,515	184,021	103,482	83,374	83,374
Current liabilities	84,916	114,385	127,394	79,587	64,549	64,549
Net current assets	180,581	158,130	56,627	23,895	18,825	18,825
Non-current liabilities	3,955	5,469	9,371	17,017	18,986	18,986
Net assets	215,787	198,559	84,837	54,620	32,973	32,973

For the year ended 31 March 2015

For the year ended 31 March 2015, the Group recorded revenue of approximately HK\$273.56 million, representing an increase of approximately 46.19% as compared to approximately HK\$187.12 million as recorded in the previous year. Based on the Prospectus, the increase in revenue was primarily due to (i) the commencement of a number of new projects; and (ii) the revenue recognition from the increase in concrete placing works and scale from the previous year.

The Group recorded profit attributable to owners of the Company of approximately HK\$21.65 million for the year ended 31 March 2015, representing an increase of approximately 29.56% from the profit attributable to owners of the Company of approximately HK\$16.71 million as recorded in the previous year. With reference to the Prospectus, we noted that the increase in profit was primarily due to the net effect of (i) increase in revenue as discussed in the above paragraph; and (ii) the increase in administrative and other operating expenses as a result of the occurrence of listing expenses and increase of staff costs (including directors' emoluments) from the rising number of staff for expansion of the Group's operation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March 2015, the net current assets and net assets of the Group amounted to approximately HK\$23.90 million and approximately HK\$54.62 million, respectively.

For the year ended 31 March 2016

For the year ended 31 March 2016, the Group recorded revenue of approximately HK\$378.48 million, representing an increase of approximately 38.35% as compared to approximately HK\$273.56 million as recorded in the previous year. Based on the Prospectus, the increase in revenue was primarily due to (i) the commencement of a number of new projects; and (ii) the revenue recognition from the increase in concrete placing works and scale from the previous year.

The Group recorded profit attributable to owners of the Company of approximately HK\$30.21 million for the year ended 31 March 2016, representing an increase of approximately 39.54% from the profit attributable to owners of the Company of approximately HK\$21.65 million as recorded in the previous year. With reference to the Prospectus, we noted that the increase in profit was primarily due to the net effect of (i) increase in revenue as discussed in the above paragraph; and (ii) the increase in administrative and other operating expenses as a result of the increase in listing expenses and staff costs (including directors' emoluments).

As at 31 March 2016, the net current assets and net assets of the Group amounted to approximately HK\$56.63 million and approximately HK\$84.84 million, respectively.

For the year ended 31 March 2017

For the year ended 31 March 2017, the Group recorded revenue of approximately HK\$485.65 million, representing an increase of approximately 28.32% as compared to approximately HK\$378.48 million as recorded in the previous year. Based on the Annual Report 2017, all revenue was derived from the concrete placing services and other ancillary services and the growth in revenue was mainly attributable to the commencements of works on the newly awarded projects in Tsing Yi, Tung Chung, West Kowloon and Tseung Kwan O, which recognised an aggregate contract sum of approximately HK\$92.6 million for the year ended 31 March 2017.

The Group recorded profit attributable to owners of the Company of approximately HK\$44.43 million for the year ended 31 March 2017, representing an increase of approximately 47.07% from the profit attributable to owners of the Company of approximately HK\$30.21 million as recorded in the previous year. With reference to the Annual Report 2017, we noted that the increase in profit was primarily due to the increase in revenue for the year ended 31 March 2017 as discussed in the above paragraph.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 March 2017, the net current assets and net assets of the Group amounted to approximately HK\$158.13 million and approximately HK\$198.56 million, respectively.

For the six months ended 30 September 2017

For the six months ended 30 September 2017, the Group recorded revenue of approximately HK\$218.23 million, representing a decrease of approximately 7.09% as compared to approximately HK\$234.89 million as recorded in the previous corresponding period. Based on the Interim Report 2017, we noted that such decrease was mainly attributable to the reduction in the Group's concrete placing works and scale of project in Tsim Sha Tsui as a result of approaching completion stage of the project.

The Group recorded profit attributable to owners of the Company of approximately HK\$17.23 million for the six months ended 30 September 2017, which has reduced by approximately 21.14% as compared to the profit attributable to owners of the Company of approximately HK\$21.85 million as recorded in the previous corresponding period. With reference to the Interim Report 2017, we noted that such decline in profit was mainly resulting from the decrease in revenue for the six months ended 30 September 2017 as discussed in the above paragraph and accordingly the decrease in gross profit of about 17.87% from approximately HK\$40.97 million for the six months ended 30 September 2016 to approximately HK\$33.65 million for the six months ended 30 September 2017.

As at 30 September 2017, the net current assets and net assets of the Group amounted to approximately HK\$180.58 million and approximately HK\$215.79 million, respectively.

1.2 Prospect and outlook of the Group

As noticed from the Interim Report 2017, the Directors have been consistently paying close attention to any changes in the business environment and prevailing market conditions. The Company is aware of the current intense industry competition and the increasing labour costs which may affect the future performance of the Group. We understand that the demand for concrete placing services is substantially dependent on the demand for construction projects conducted and to be conducted by property developers of various nature including but not limited to private residential development projects, commercial and industrial development projects and public housing development projects. In this connection, we have conducted independent research on the public domain in respect of the general outlook and future prospect of the overall building construction industry in Hong Kong.

According to the statistics available from the Construction Industry Council of Hong Kong (<http://www.cic.hk>), a statutory body established on 1 February 2007 which provides a channel for the Government of Hong Kong to solicit advice on all construction-related matters, it is noticeable that the construction expenditure on building work for both public and private sectors had experienced a significant growing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

trend over the decade from 2006 to 2016 with the respective average annual growth rates of around 11.96% in public sector, around 6.54% in private sector and around 7.92% in both public and private sectors during the period. Moreover, it is forecasted that the growth of construction expenditure on building work will slow down and become relatively stable from 2016 and up to 2021, with an expected average annual growth rate ranging from approximately 3.56% to approximately 5.20% during the forecast period. With reference to the Report on the Quarterly Survey of Construction Output Second Quarter 2017 issued by the Census and Statistics Department of Hong Kong (<http://www.censtatd.gov.hk/>), the gross value of construction works performed by main contractors at construction sites in respect of piling and related foundation works showed respective year-on-year decreases for the third and fourth quarter of 2016 and for the first and second quarters of 2017, while the gross value of construction works in respect of erection of architectural superstructure showed a respective year-on-year slowdown in growth for the third and fourth quarter of 2016 and for the first and second quarters of 2017. On the other hand, as reflected from the relevant index on the costs of labour and materials used in public sector construction projects as published by the Census and Statistics Department of Hong Kong (<http://www.censtatd.gov.hk/>), the index for composite labour wages for building contracts (with April 2003 as the base period) amounted to 136.8, 144.8 and 153.4 as recorded in December 2014, 2015 and 2016 respectively, demonstrating a consistent increasing pattern of construction labour costs. According to the International Construction Market Survey 2017 published by Turner & Townsend (<http://turnerandtowntsend.com/>), a UK-based independent professional services company specialising in, among others, consulting services across property and infrastructure sectors, it is mentioned that the construction market in Hong Kong has been experiencing a shortage of skilled labours. Based on the Quarterly Construction Cost Update issued in September 2017 by Rider Levett Bucknall (<http://rlb.com>), a leading property and construction advisory firm, we noted that the average daily wages of general workers engaged in public sector construction projects has been increasing from end of 2015 up to June 2017 which ranged from around HK\$910 per day to around HK\$1,080 per day.

Despite the consecutive growth in revenue of the Group from 2014 to 2017, in light of (i) the slowing down of revenue growth at the rate of approximately 46.19%, approximately 38.35% and approximately 28.32% from the respective previous years ended 31 March 2015, 2016 and 2017; (ii) the decrease in revenue and earnings of the Group for the six months ended 30 September 2017 as compared to the previous corresponding period; (iii) that the overall growth of the construction industry in Hong Kong has begun to decelerate moderately; and (iv) that the rising labour costs in respect of building construction may restrict the profitability and growth of the Group, we consider that in the course of the Group's business development in a competitive environment, it is uncertain as to whether the Group will be able to maintain its competitiveness by promptly reacting to the ever-changing market conditions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Principal terms of the Offer

The Offer is being made by Optima Capital on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For every Offer Share HK\$1.1507 in cash

The Offer Price of HK\$1.1507 per Offer Share is determined at a price of no less than the consideration of approximately HK\$1.15062 per Sale Share paid by the Offeror under the Agreement. The Offer is unconditional in all respects.

The Offer Price of HK\$1.1507 per Offer Share represents:

- (i) a discount of approximately 48.9% to the closing price of HK\$2.25 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 50.8% to the closing price of HK\$2.34 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 45.5% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$2.11 per Share;
- (iv) a discount of approximately 42.5% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to and including the Last Trading Day of HK\$2.00 per Share;
- (v) a discount of approximately 22.4% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day of approximately HK\$1.48 per Share; and
- (vi) a premium of approximately 307.8% over the unaudited consolidated net asset value of the Group of approximately HK\$0.2822 per Share as at 30 September 2017 (calculated by dividing the unaudited consolidated net asset of the Group of approximately HK\$215.8 million as at 30 September 2017 as disclosed in the Interim Report 2017 by 764,800,000 issued Shares as at that date).

To assess the fairness and reasonableness of the Offer Price, we have primarily made reference to (i) the historical Share price performance; and (ii) the historical trading volume of the Shares.

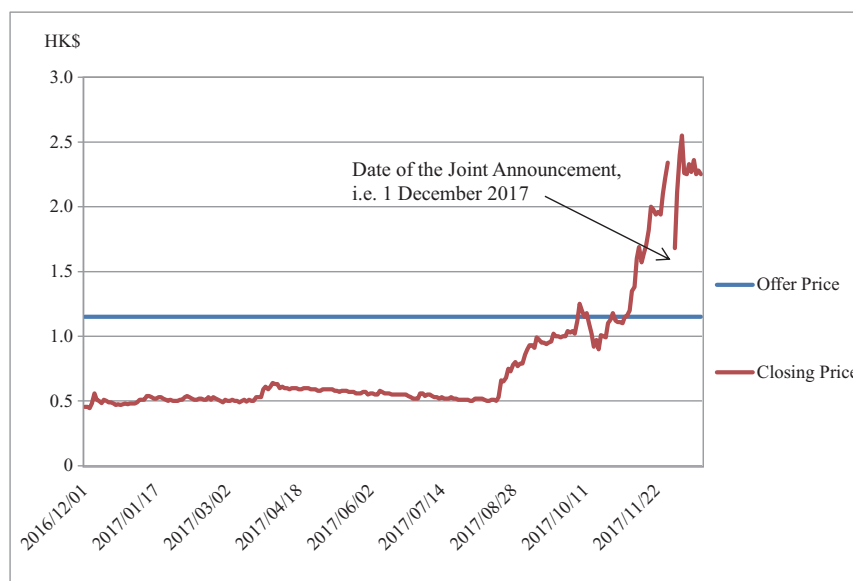
Historical Share price performance

Set out in Chart 1 below are the daily closing prices of the Shares on the Stock Exchange for the period from 1 December 2016 (being the first trading day of the 12-month period prior to the date of the Joint Announcement) up to and including the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Latest Practicable Date (the “**Review Period**”). We consider that the Review Period which covers a full year prior to the date of the Joint Announcement represents a reasonable period to provide a general overview of the recent Share price performance when assessing the fairness and reasonableness of the Offer Price.

Chart 1: Share price performance against the Offer Price during the Review Period



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

Note:

Trading in the Shares was halted from 9:00 a.m. on 30 November 2017 to 1 December 2017 (both days inclusive) pending the release of the Joint Announcement and was resumed at 9:00 a.m. on 4 December 2017.

During the Review Period, the closing prices of the Shares ranged from the lowest of HK\$0.45 per Share on 5 December 2016 to the highest of HK\$2.55 per Share on 7 December 2017, with an average of HK\$0.79 per Share. The Offer Price represents a premium of approximately 155.71% over the lowest closing price, a discount of approximately 54.87% to the highest closing price and a premium of approximately 45.66% to the average closing price during the Review Period. The closing prices of the Shares started to increase moderately since 18 August 2017 up until 9 November 2017 (the “**First Period**”) and then surge rapidly from 9 November 2017 up to the Last Trading Day (the “**Second Period**”). We noted that the Company did not issue any announcement which is of price-sensitive nature during the First Period. We have enquired with the management of the Company regarding the possible reasons for the increase during the First Period and were advised that the Company was not aware of any matters which might lead to such increase in Share prices. Subsequently, the Company published the interim results announcement of the Company for the six months ended 30 September 2017 (the “**Result Announcement**”) on 8 November 2017. The Share price exhibited an upsurge from the lowest of HK\$1.38 per Share on 9 November 2017 to the peak of HK\$2.34 per Share on the Last Trading Day,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

representing a significant increase of approximately 69.57% over the period. Such surge in Share price in the Second Period is believed to be attributed to the market reaction on the Result Announcement. We have discussed with the management of the Company regarding the possible reasons for the surge in the closing prices after publication of the Result Announcement and up to the Last Trading Day and were advised that save for the Result Announcement, they were not aware of any matters which might have an impact on the closing prices of the Shares. Trading of the Shares was halted from 9:00 a.m. on 30 November 2017 to 1 December 2017 (both days inclusive) pending the publication of the Joint Announcement. With the Shares resumed trading on 4 December 2017 after publication of the Joint Announcement, closing prices of the Shares dropped significantly and closed at HK\$1.68 per Share. The Shares then rebounded and fluctuated within the range of HK\$1.68 per Share to HK\$2.55 per Share up to the Latest Practicable Date. It is considered that such fluctuation after the publication of the Joint Announcement were mainly resulted from market reaction on the takeover and future development of the Group after a change in control. We have discussed with the management of the Company regarding the possible reasons for the fluctuation in the Share prices after publication of the Joint Announcement and up to the Latest Practicable Date and were advised that save for the Joint Announcement as well as the Result Announcement, they were not aware of any matters which might have an impact on the closing prices of the Shares.

Given that (i) the Offer Price is higher than the average closing price of the Shares during the Review Period; (ii) the Offer Price is higher than the closing prices of the Shares for over 85% of the number of trading days during the Review Period; and (iii) the recent surge in trading price of the Shares is only above the Offer Price after the release of the Result Announcement and the Joint Announcement, therefore there is no guarantee that the market price of the Shares will sustain at a level higher than the Offer Price thereafter.

Taking into account that the Offer Price represents (i) a premium of approximately 45.66% over the average closing price of the Shares during the Review Period; and (ii) a premium of approximately 307.76% over the unaudited consolidated net asset value of the Group of approximately HK\$0.2822 per Share as at 30 September 2017 (calculated by dividing the unaudited consolidated net asset of the Group of approximately HK\$215.79 million as at 30 September 2017 as disclosed in the Interim Report 2017 by 764,800,000 issued Shares as at that date), we consider that the Offer Price is fair and reasonable.

Historical trading volume of the Shares

Table 2 below set out the average daily trading volume of the Shares per month, and the respective percentages of the Shares' monthly trading volume as compared to the total number of issued Shares at the end of the respective months, during the Review Period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Table 2: Historical trading volume of the Shares

Month	Total monthly trading volume	Number of trading days	Average daily trading volume (Note 1) (Approximate number of Shares)	Total number of Shares in issue (Note 2) (Number of Shares)	Average daily trading volume over total number of Shares in issue (Approximate %)
2016					
December (Starting from 1 December 2016)	101,510,000	20	5,075,500	764,800,000	0.66
2017					
January	40,570,000	19	2,135,263	764,800,000	0.28
February	21,500,000	20	1,075,000	764,800,000	0.14
March	78,764,000	23	3,424,522	764,800,000	0.45
April	21,199,000	17	1,247,000	764,800,000	0.16
May	13,980,000	20	699,000	764,800,000	0.09
June	16,250,000	22	738,636	764,800,000	0.10
July	9,450,000	21	450,000	764,800,000	0.06
August	150,755,000	22	6,852,500	764,800,000	0.90
September	108,565,000	21	5,169,762	764,800,000	0.68
October	87,215,800	20	4,360,790	764,800,000	0.57
November (Note 3)	38,940,000	22	1,770,000	764,800,000	0.23
December (Up to the Latest Practicable Date) (Note 3)	29,070,000	12	2,422,500	764,800,000	0.32

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

Notes:

1. Average daily trading volume of the Shares for the month equals to the total monthly trading volume of the Shares divided by the number of trading days in the respective month.
2. Based on the number of Shares in issue as at the last trading day of each respective month and that as at the Latest Practicable Date for the month of December 2017.
3. Trading in the Shares was halted from 9:00 a.m. on 30 November 2017 to 1 December 2017 (both days inclusive) pending the release of the Joint Announcement and was resumed at 9:00 a.m. on 4 December 2017.

As depicted in Table 2 above, during the Review Period, the average daily trading volume ranged from approximately 450,000 Shares to approximately 6,852,500 Shares, representing approximately 0.06% to 0.90% of the total number of Shares in issue as at the end of each respective month. It is notable that the average daily trading volume of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the Shares per month were below 1% throughout the Review Period. As such, we consider that the liquidity of the Shares was relatively thin throughout the Review Period. Given the inactive trading of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the market price of the Shares.

Having taken into account that there is no assurance that the Share price will sustain at a level above the Offer Price during and after the Offer Period, we are of the view that the Independent Shareholders (particularly for those who hold a large volume of the Shares) may not be able to realise their investments in the Shares at a price higher than or close to the Offer Price, in particular when they are going to dispose of their entire shareholdings. We therefore consider that the Offer provides an exit alternative at the Offer Price for the Independent Shareholders who would like to realise their investments in the Shares.

Comparison with other comparable companies

In further assessing the fairness and reasonableness of the Offer Price, we have attempted to carry out comparable analysis to compare the Offer Price against the market valuation of other comparable companies using the commonly adopted valuation method including price-to-earnings ratio and price-to-book ratio. Taking into account the principal business of the Group, being the provision of concrete placing services and other ancillary services in Hong Kong which is the only single operating segment, we have attempted to identify companies which are (i) listed on the Main Board of the Stock Exchange; and (ii) with principal business being the provision of concrete and/or any construction raw material placing services in Hong Kong. However, we are unable to locate any such comparables which fall in the aforesaid criteria.

3. Information on the Offeror and intention of the Offeror on the Group

Information on the Offeror

The Offeror was incorporated in the BVI with limited liability and the ultimate beneficial owner is Mr. Zhang, who is also the sole director of the Offeror. The Offeror is principally engaged in investment holding.

Future intentions of the Offeror regarding the Group

The Offeror intends to continue the existing principal businesses of the Group. After the close of the Offer, the Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group's future development. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, business rationalisation, restructuring of the business and/or business diversification

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

Notwithstanding the above, as at the Latest Practicable Date, no investment or business opportunity has been identified, nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to (i) the injection of any assets or business into the Group; and (ii) the downsizing or disposal of the existing principal businesses of the Group. The Offeror has no intention to discontinue the employment of the employees (save for the proposed changes to the Board as described in the section headed “Proposed change of Board composition” below) or to dispose of or re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

Proposed change of Board composition

As at the Latest Practicable Date, the Board comprises three executive Directors, namely Mr. Cheung Yuk Kei, Mr. Cheung Man Tim and Mr. Fung Chi Chung, and three independent non-executive Directors, namely Mr. Miu Hon Kit, Mr. Leung Chi Wai and Mr. Seid Ka Him. All current Directors have indicated to the Board that they will resign from the Board with effect immediately after the close of the Offer or such earlier date as permitted under the Takeovers Code.

The Offeror intends to nominate Mr. Zhang as the executive Director, Mr. Poon Chiu Kwok as non-executive Director and Dr. Zhu Zhengfu, Dr. Li Yifei and Mr. Tse Chi Wai as the independent non-executive Directors with effect from a date which is no earlier than such date as permitted for resignation and appointment of Directors under Rule 26.4 of the Takeovers Code, being the day immediately after the despatch of this Composite Document. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement for the details of the change of the Board composition and biographies of Directors will be made by the Company as and when appropriate. The business background and management expertise of Mr. Zhang, being the proposed executive Director, are disclosed as below. Please refer to the section headed “Proposed change of the Board composition” in the “Letter from Optima Capital” for details of the biographies of the other proposed new Directors.

Mr. Zhang, aged 46, graduated from Guangzhou Foreign Language Institute with a Bachelor’s Degree of Arts in 1994. Mr. Zhang has extensive experience in corporate management and has wide range of investment experience in property development projects in the PRC. Mr. Zhang has served on the board of directors of O Luxe Holdings Limited (“**O Luxe**”) (stock code: 860), a company listed on the Stock Exchange, since January 2015. He had been its executive director and chief executive officer for the period from January 2015 to June 2015 and became its executive director and chairman of the board of directors in June 2015 until November 2017. As at the Latest Practicable Date, Mr. Zhang was a non-executive director and the co-chairman of O Luxe. O Luxe and its subsidiaries are principally engaged in a wide range of business including exports and domestic trading, retail and wholesale of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

jewellery products and watches, money lending, securities investments, property investment, mining, manufacturing of electronic vehicles and the provision of related engineering solutions. Mr. Zhang was an executive director of Synertone Communication Corporation (stock code: 1613), a company listed on the Stock Exchange, for the period from August 2012 to April 2014. From 2004 to 2006 he worked as a general manager for Guangdong Copper Alloy Material Company Limited. Mr. Zhang founded China Golden Holdings Limited in 2006, which is principally engaged in trading of coppers, car parts and stationeries.

As disclosed above, Mr. Zhang possesses rich experience in corporate and business management in a diversified range of industries. We consider that Mr. Zhang has the relevant management experience and skill sets to oversee the business of the Group which will continue to be operated by the existing directors and senior management of the operating subsidiaries under the supervision of the Board.

As set out in the above and save for the proposed changes in the Board composition, it is expected that there will not be material change in the business of the Company as the Offeror intends to continue the existing principal business of the Group.

RECOMMENDATIONS

Based on the principal factors and reasons as set out in this letter, which are summarised as below:

- (i) the Group's revenue growth has been slowing down throughout the respective years ended 31 March 2015, 2016 and 2017;
- (ii) the Group recorded a decrease in revenue and earnings for the six months ended 30 September 2017 as compared to the previous corresponding period;
- (iii) the prospects and outlook of the Group is uncertain given the rising labour cost and keen competition of the construction industry in Hong Kong;
- (iv) the Offer Price represents (a) a premium of approximately 45.66% over the average closing price of the Shares during the Review Period and (b) a premium of approximately 307.76% over the unaudited consolidated net asset value of the Group of approximately HK\$0.2822 per Share as at 30 September 2017 (calculated by dividing the unaudited consolidated net asset of the Group of approximately HK\$215.79 million as at 30 September 2017 as disclosed in the Interim Report 2017 by 764,800,000 issued Shares as at that date);
- (v) disposal of large blocks of Shares held by the Independent Shareholders in the open market may exert a downward pressure on the price of the Shares as a result of the thin trading volume of the Shares and the Offer accordingly provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) despite the closing prices of the Shares are higher than the Offer Price following the publication of the Joint Announcement and up to the Latest Practicable Date which may be due to market speculation, there is no guarantee that the Share price will sustain at a level higher than the Offer Price during and after the Offer Period,

we are of the view that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, noting the thin liquidity of the Shares and notwithstanding the fact that the closing prices of the Shares represented a significant premium to the Offer Price ranging from around 36.44% to 121.60% from 10 November 2017 and up to the Latest Practicable Date. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to, and we recommend the Independent Shareholders to, accept the Offer.

Independent Shareholders who wish to realise part or all of their investment in the Shares should closely monitor the market price and liquidity of the Shares during the Offer Period. The market prices of the Shares were substantially above the Offer Price following the issue of the Joint Announcement and up to the Latest Practicable Date and such Share prices have not gone down as seen from Chart 1 under the above section headed “2. Principal terms of the Offer”. Those Independent Shareholders who wish to accept the Offer should consider realising part or all of their investments in the market instead of accepting the Offer if the net proceeds from the sale of such Shares in the market exceed the net amount receivable under the Offer. However, those Independent Shareholders who are confident in the future prospects of the Group should consider retaining some or all of their interest in the Shares.

Yours faithfully,
For and on behalf of
Goldin Financial Limited
Billy Tang
Director

Note: Mr. Billy Tang is a licensed person registered with the SFC and a responsible officer of Goldin Financial Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO. He has over 10 years of experience in the corporate finance profession.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

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

- (i) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, you must send the Acceptance Form duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, namely Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "Chong Kin Group Holdings Limited – Offer" on the envelope, in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.
- (ii) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:
 - (a) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "Chong Kin Group Holdings Limited – Offer" the duly completed and signed Acceptance Form together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (b) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Chong Kin Group Holdings Limited – Offer" the duly completed and signed Acceptance Form together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (c) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In

order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (d) if your Shares have been lodged with your investor participant stock account with CCASS, authorise your instruction via the CCASS phone system or CCASS internet system no later than the deadline set out by HKSCC Nominees Limited.

- (iii) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Acceptance Form and deliver it in an envelope marked “Chong Kin Group Holdings Limited – Offer” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to the Offeror and/or Optima Capital or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Acceptance Form.

- (iv) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Acceptance Form and deliver it in an envelope marked “Chong Kin Group Holdings Limited – Offer” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), you should also write to the Registrar requesting a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (v) Acceptance of the Offer will be treated as valid only if the duly completed and signed Acceptance Form is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the

Takeovers Code), and the Registrar has recorded that the Acceptance Form and any relevant documents required under paragraph (vi) below have been so received.

- (vi) Acceptance of the Offer may not be counted as valid unless the Acceptance Form is duly completed and signed and is:
 - (a) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
 - (b) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph under this paragraph (vi)); or
 - (c) certified by the Registrar or the Stock Exchange.

If the Acceptance Form is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (vii) No acknowledgement of receipt of any Acceptance Form, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (viii) If the Offer is withdrawn or lapses, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the relevant Shareholders by ordinary post at the Shareholders' own risk as soon as possible but in any event within 10 days after the Offer has been withdrawn or lapsed.

2. SETTLEMENT

- (i) Provided that the Acceptance Form(s) and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar before the close of the Offer, settlement of the consideration, less seller's ad valorem stamp duty, will be made by cheque as soon as possible, but in any event within seven (7) Business Days following the date of receipt of all relevant documents which

renders a complete and valid acceptance of the Offer. Each cheque will be despatched by ordinary post to the address specified on the relevant Shareholder's Acceptance Form at his/her/its own risk.

- (ii) No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

The Offer is made on Friday, 22 December 2017, which is the date of despatch of this Composite Document. The latest time and date for acceptance will be 4:00 p.m. on the Closing Date, or if the Offer is extended or revised, any subsequent closing date of the Offer as announced by the Offeror in accordance with the Takeovers Code. The Offer is unconditional in all respect.

If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification of the extension or revision to Independent Shareholders and, unless previously extended or revised, shall be closed on the subsequent closing date. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The benefit of any revision of the Offer will be available to any Independent Shareholder who has previously accepted the Offer. The execution by or on behalf of any Independent Shareholder who has previously accepted the Offer shall be deemed to constitute acceptance of the revised Offer unless such holder becomes entitled to withdraw his/her/its acceptance and duly does so.

The Offeror may introduce new condition(s) to be attached to revised Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive in accordance with the Takeovers Code.

If there is (i) a tropical cyclone warning signal number 8 or above; or (ii) a "black" rainstorm warning signal: (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Closing Date, the latest time and date for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Closing Date, the latest time and date for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

4. ANNOUNCEMENT

- (i) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offer. The Offeror must publish an announcement on the website of the Stock

Exchange by 7:00 p.m. on the Closing Date stating, among others, information required under Rule 19.1 of the Takeovers Code and whether the Offer has been revised or extended. The announcement will state the following:

- (a) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
- (b) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
- (c) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror or any parties acting in concert with it have borrowed or lent, save for any borrowed securities which have been either on-lent or sold.

The announcement will also specify the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

- (ii) In computing the total number of Offer Shares represented by acceptances, only valid acceptances that are complete and in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (iii) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules respectively.

5. NOMINEE REGISTRATION

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

6. RIGHT OF WITHDRAWAL

- (i) Acceptance of the Offer shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (ii) below.

- (ii) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcement” above or any of the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph and the rule are met.

If an acceptor withdraws his/her/its acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post and at the risk of the relevant acceptor, in respect of the Offer, the Share certificate(s) and/or transfer receipt(s) and/or other document(s) or title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Acceptance Form(s) to the relevant Shareholder.

7. OVERSEAS SHAREHOLDERS

The Offer is made in respect of a company incorporated in the Cayman Islands and is subject to the statutory procedural and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions. The Offer is available to all the Independent Shareholders, including the Overseas Shareholders. The availability of the Offer to persons who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they reside. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including obtaining any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction). The Overseas Shareholders are recommended to seek professional advice on whether or not to accept the Offer.

8. STAMP DUTY

In Hong Kong, the seller’s ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by the relevant Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer, whichever is the higher, which will be deducted from the cash amount payable by the Offeror to such Shareholder on acceptance of the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will pay the buyer’s ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

9. PAYMENT

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed Acceptance Form and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror or its agent acting on behalf of it to render each of such acceptance complete and valid pursuant to the Takeovers Code.

Settlement of the consideration to which any Independent Shareholder who accepts the Offer is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty in respect of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder. No fraction of a cent will be payable and the amount of consideration payable to an Independent Shareholder will be rounded up to the nearest cent.

10. TAX ADVICE

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Company, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implication nor accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

11. GENERAL

- (i) All communications, notices, the Acceptance Form, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Independent Shareholders at their addresses specified on the relevant Acceptance Form. None of the Offeror, the Company, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any loss or delay in transmission or any other liabilities that may arise as a result thereof.
- (ii) The provisions set out in the Acceptance Form form part of the terms of the Offer.
- (iii) The accidental omission to despatch this Composite Document and/or the Acceptance Form or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

- (iv) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (v) Due execution of the Acceptance Form will constitute an irrevocable authority to the Offeror and/or Optima Capital (or such person or persons as the Offeror and/or Optima Capital may direct) to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Offer Shares in respect of which such person or persons has accepted the Offer.
- (vi) Acceptance of the Offer by Independent Shareholders will be deemed to constitute a warranty by such person(s) to the Offeror and the Company that such Offer Shares acquired under the Offer are sold or tendered by such Independent Shareholder(s) free from all pledges, charges, claim, community or other marital property interest, liens, mortgages, lease, security interests, attachments, pre-emption rights, options, restrictions, conditional sale agreement or other title retention agreement and any other encumbrances or similar third party rights or claims of any kind and together with all rights accruing or attaching thereto on the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date on which the Offer is made.
- (vii) References to the Offer in this Composite Document and in the Acceptance Form shall include any extension and/or revision thereof.
- (viii) Any Independent Shareholder accepting the Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable by them in any relevant jurisdiction.
- (ix) Save for the payment of stamp duty, settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.
- (x) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Acceptance Form is the aggregate number of Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.
- (xi) The English text of this Composite Document and the Acceptance Form shall prevail over the Chinese text for the purpose of interpretation.

- (xii) In making their decision, Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained therein together with the Acceptance Form, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Optima Capital, the Registrar or their respective professional advisers. Shareholders should consult their own professional advisers for professional advice.
- (xiii) The Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.

1. SUMMARY OF FINANCIAL INFORMATION

The following is a summary of the financial results of the Group for each of the three years ended 31 March 2015, 2016 and 2017 which is extracted from the audited consolidated financial statements of the Group as set forth in the annual report of the Company for the financial year ended 31 March 2017, and each of the six months ended 30 September 2016 and 2017 which is extracted from the interim report of the Company for the six months ended 30 September 2017.

The auditors of the Company for each of the three years ended 31 March 2015, 2016 and 2017, HLB Hodgson Impey Cheng Limited, did not issue any qualified opinion on the financial statements of the Group for each of the three years ended 31 March 2015, 2016 and 2017.

The Group did not have any items which are exceptional because of size, nature or incidence for each of the three years ended 31 March 2015, 2016 and 2017 and the six months ended 30 September 2017.

Financial Summary

	For the six months ended 30 September 2017 (Unaudited) <i>HK\$'000</i>	For the six months ended 30 September 2016 (Unaudited) <i>HK\$'000</i>	For the year ended 31 March 2017 (Audited) <i>HK\$'000</i>	For the year ended 31 March 2016 (Audited) <i>HK\$'000</i>	For the year ended 31 March 2015 (Audited) <i>HK\$'000</i>
Revenue	218,231	234,889	485,646	378,479	273,560
Cost of sales	<u>(184,582)</u>	<u>(193,920)</u>	<u>(400,398)</u>	<u>(310,389)</u>	<u>(227,301)</u>
Gross profit	33,649	40,969	85,248	68,090	46,259
Other income	3,103	1,474	5,260	2,851	3,004
Administrative and other operating expenses	<u>(15,548)</u>	<u>(14,931)</u>	<u>(37,211)</u>	<u>(32,075)</u>	<u>(21,567)</u>
Operating profit	21,204	27,512	53,297	38,866	27,696
Finance costs	<u>(302)</u>	<u>(784)</u>	<u>(1,275)</u>	<u>(1,158)</u>	<u>(1,695)</u>
Profit before income tax	20,902	26,728	52,022	37,708	26,001
Income tax expense	<u>(3,674)</u>	<u>(4,881)</u>	<u>(7,597)</u>	<u>(7,501)</u>	<u>(4,354)</u>
Profit and total comprehensive income for the period/year attributable to owners of the Company	<u>17,228</u>	<u>21,847</u>	<u>44,425</u>	<u>30,207</u>	<u>21,647</u>
Basic and diluted earnings per share (HK cents)	<u>2.25</u>	<u>3.35</u>	<u>6.32</u>	<u>4.64</u>	<u>3.32</u>

2. FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

Set out below is the full text of the audited consolidated financial statements of the Group for the year ended 31 March 2017 as extracted from the annual report of the Company for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	5	485,646	378,479
Cost of sales		<u>(400,398)</u>	<u>(310,389)</u>
Gross profit		85,248	68,090
Other income	5	5,260	2,851
Administrative and other operating expenses		<u>(37,211)</u>	<u>(32,075)</u>
Operating profit		53,297	38,866
Finance costs	9	<u>(1,275)</u>	<u>(1,158)</u>
Profit before income tax	6	52,022	37,708
Income tax expense	10	<u>(7,597)</u>	<u>(7,501)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u><u>44,425</u></u>	<u><u>30,207</u></u>
Basic and diluted earnings per share	11	<u><u>HK cents 6.32</u></u>	<u><u>HK cents 4.64</u></u>

Details of dividends are disclosed in Note 13 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Note</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	<i>14</i>	42,326	34,090
Deposits and prepayments for life insurance policies	<i>15</i>	<u>3,572</u>	<u>3,491</u>
		<u>45,898</u>	<u>37,581</u>
Current assets			
Trade and other receivables	<i>17</i>	61,844	53,377
Gross amounts due from customers for contract work	<i>18</i>	104,931	52,500
Amounts due from shareholders	<i>19</i>	–	6,148
Current income tax recoverable		–	4,252
Cash and bank balances	<i>20</i>	<u>105,740</u>	<u>67,744</u>
		<u>272,515</u>	<u>184,021</u>
Total assets		<u>318,413</u>	<u>221,602</u>
EQUITY			
Capital and reserves			
Share capital	<i>21</i>	7,648	10
Reserves		<u>190,911</u>	<u>84,827</u>
Total equity		<u>198,559</u>	<u>84,837</u>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>23</i>	797	5,449
Deferred tax liabilities	<i>24</i>	<u>4,672</u>	<u>3,922</u>
		<u>5,469</u>	<u>9,371</u>

		2017	2016
	<i>Note</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Current liabilities			
Trade and other payables	25	41,669	40,717
Gross amounts due to customers for contract work	18	50,640	36,386
Borrowings	23	21,957	50,291
Current income tax liabilities		119	–
		<u>114,385</u>	<u>127,394</u>
Total liabilities		<u>119,854</u>	<u>136,765</u>
Total equity and liabilities		<u><u>318,413</u></u>	<u><u>221,602</u></u>
Net current assets		<u><u>158,130</u></u>	<u><u>56,627</u></u>
Total assets less current liabilities		<u><u>204,028</u></u>	<u><u>94,208</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital <i>HK\$'000</i> <i>(Note 21)</i>	Share premium <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i> <i>Note</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 April 2015	–	–	–	54,620	54,620
Issue of ordinary shares	10	–	–	–	10
Profit and total comprehensive income for the year	–	–	–	30,207	30,207
Balance at 31 March 2016 and 1 April 2016	10	–	–	84,827	84,837
Profit and total comprehensive income for the year	–	–	–	44,425	44,425
The reorganisation	(10)	–	10	–	–
Shares issued pursuant to the capitalisation issue	6,514	(6,514)	–	–	–
Shares issued under share offer	1,134	78,246	–	–	79,380
Shares issuance costs	–	(10,083)	–	–	(10,083)
Balance at 31 March 2017	<u>7,648</u>	<u>61,649</u>	<u>10</u>	<u>129,252</u>	<u>198,559</u>

Note: The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation (as defined in Note 1 to the consolidated financial statements).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	<i>Note</i>	2017 <i>HK\$ '000</i>	2016 <i>HK\$ '000</i>
Cash flows from operating activities			
Net cash generated from operations	26	24,856	66,751
Tax paid		(2,476)	(16,133)
Interest paid on bank overdrafts		(18)	(7)
Net cash generated from operating activities		22,362	50,611
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		54	3
Purchases of property, plant and equipment		(8,801)	(3,996)
Decrease/(increase) in amounts due from shareholders		6,148	(6,148)
Interest received		6	–
Net cash used in investing activities		(2,593)	(10,141)
Cash flows from financing activities			
Proceeds from issue of ordinary shares of Kam Fung Engineering Limited ("Kam Fung")		–	10
Proceeds from share offer		69,297	–
Repayment of finance leases		(19,548)	(22,294)
Drawdown of bank borrowings		–	38,000
Repayment of bank borrowings		(26,589)	(2,336)
Interest paid on finance leases		(486)	(1,076)
Interest paid on bank borrowings		(771)	(75)
Decrease in amounts due to shareholders		–	(10,298)
Net cash generated from financing activities		21,903	1,931
Net increase in cash and cash equivalents		41,672	42,401
Cash and cash equivalents at beginning of year		64,068	21,667
Cash and cash equivalents at end of year		105,740	64,068
Analysis of cash and cash equivalents			
Cash and bank balances	20	105,740	67,744
Bank overdrafts	23	–	(3,676)
		105,740	64,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

1 GENERAL INFORMATION AND CORPORATE REORGANISATION

(a) General information

The Company was incorporated in the Cayman Islands on 31 May 2016 as an exempted company with limited liability. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Office B, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of concrete placing services and other ancillary services. Its parent and ultimate holding company is Pioneer Investment Limited (“**Pioneer Investment**”), a company incorporated in the British Virgin Islands and owned as to 70% by Mr. Cheung Yuk Kei (“**Mr. Cheung**”) and 30% by Mr. Chan Yiu Hung (“**Mr. Chan**”), the controlling parties of the Company.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 17 October 2016.

(b) Corporate reorganisation

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange (the “**Reorganisation**”), the group entities were under the control of Mr. Cheung and Mr. Chan. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 27 September 2016. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Cheung and Mr. Chan prior to and after the Reorganisation.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation where this is a shorter period. The consolidated statement of financial position as at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors (the “**Board**”) on 22 June 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except as otherwise stated in the accounting policies below.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 Application of new and amendments to HKFRSs

For the purpose of preparing and presenting the consolidated financial statements for the years, the Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations issued by the HKICPA that are effective for the Group’s financial year beginning 1 April 2016 throughout the year.

(a) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments ²
HKFRS 16	Leases ³
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 4	Applying HKFRS 9 <i>Financial Instruments</i> with HKFRS 4 <i>Insurance Contracts</i> ²
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKAS 40	Transfers of Investment Property ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ⁵

- ¹ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- ² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- ³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
- ⁴ Effective for annual periods beginning on or after a date to be determined.
- ⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018 as appropriate.

HKFRS 9 *Financial Instruments*, address the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit and loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedged ratio” to be the same as the one management actually use for risk management purposes. The Group is assessing the impact of HKFRS 9 but anticipate that the application of HKFRS 9 in the future will have no material impact on the Group’s consolidated financial statements.

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

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

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

It establishes that revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Under HKFRS 15, revenue is either recognised over time or at a point in time while under HKAS 11 contract revenue is recognised by reference to the stage of completion. The directors of the Company expect that revenue will continue to be recognised as the contract progresses, broadly similar to the method under HKAS 11. However, revenue recognition will be significantly delayed if it cannot be established that performance obligations are satisfied over time. In addition, contract modifications will be required to be approved before revenue is recognised; this new requirement may result in revenue from contract modifications to be recognised later than it would have been under HKAS 11. The directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group's Financial Information. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 Leases introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors. Application of HKFRS 16 will result in the Group's recognition of right of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements. As set out in Note 27, total operating lease commitments of the Group in respect of rental premises as at 31 March 2017 amounted to approximately HK\$1,286,000. The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated financial statement of financial position as right-to-use assets and lease liabilities.

The Group will adopt these new standards, amendments and interpretations in the period of initial application. Other than explained above regarding the impact of HKFRS 9, HKFRS 15 and HKFRS 16, the Group expects that the adoption of the other new or revised standards will have no significant impact on the Group's result of operations and its financial position.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Business combinations

Except for the Reorganisation, the Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former

owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the recognised amount of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Merger accounting for common control combinations

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

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions.

2.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK\$, which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other income and net gains".

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

2.6 Property, plant and equipment

The property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable, as follows:

– Machinery and equipment	20%
– Leasehold improvements	Over lease term
– Furniture, fixtures and office equipment	20%
– Motor vehicles	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.9 Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the “percentage-of-completion method” to determine the appropriate amount of revenue to recognise in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total contract value.

On the consolidated statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.10 Financial assets

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group’s loans and receivables comprise “deposits and prepayment for life insurance policies”, “trade and other receivables” and “cash and bank balances” in the consolidated statement of financial position.

2.11 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial asset is impaired and impairment losses are incurred 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 (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.17 Borrowings costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences, arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of each reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group operates defined contribution plans and pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of each reporting period are discounted to present value.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

2.20 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as interest expense.

2.21 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivables for the sale of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales within the Group.

(a) *Concrete placing and other ancillary services income*

Revenue from construction contracts is recognised based on the stage of completion of the contracts as detailed in Note 2.9 above.

(b) *Rental income*

Rental income from lease of machinery is recognised based on the straight-line basis over the lease terms.

(c) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

2.23 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss and other comprehensive income over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss and other comprehensive income by way of a reduced depreciation charge.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.25 Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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 employees of either 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); and
 - (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 parent of the Group.

Close member 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.

3 FINANCIAL RISK MANAGEMENT**3.1 Financial risk factors**

The Group's activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Interest rate risk

Other than deposits and prepayments for life insurance policies and bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of deposits and prepayments for life insurance policies and bank balances are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings obtained with variable rates expose the Group to cash flow interest rate risk which is partially offset by cash deposited at variable rates. The Group has not hedged its cash flow interest rate risks.

As at 31 March 2017, if the interest rate on all variable-rate borrowings had been 100 basis points higher/lower with all other variables held constant, the Group's profit after income tax for the year would have been decreased/increased by approximately HK\$90,000 (2016: approximately HK\$343,000), mainly as a result of higher/lower interest expense on borrowings with floating interest rates.

(ii) Credit risk

Credit risk arises mainly from deposits and prepayments for life insurance policies, trade and other receivables and cash and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances and deposits and prepayments for life insurance policies are limited because the counterparties are banks with sound credit ratings assigned by international credit-rating agencies and financial institution with good reputation respectively.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As at 31 March 2017, there were three (2016: three) customers which individually contributed over 10% of the Group's trade and other receivables. The aggregate amounts of trade and other receivables from these customers amounted to 52% (2016: 47%) of the Group's total trade and other receivables as at 31 March 2017.

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and long term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group may be required to pay:

	Weighted average interest rate %	On demand or within one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2017						
Trade and other payables	–	41,669	–	–	41,669	41,669
Finance lease liabilities	1.92	11,270	809	–	12,079	11,932
Borrowings (excluding finance lease liabilities)	6.49	11,043	–	–	11,043	10,822
		<u>63,982</u>	<u>809</u>	<u>–</u>	<u>64,791</u>	<u>64,423</u>
	Weighted average interest rate %	On demand or within one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2016						
Trade and other payables	–	40,717	–	–	40,717	40,717
Finance lease liabilities	4.64	9,664	4,062	1,609	15,335	14,653
Borrowings (excluding finance lease liabilities)	5.66	42,077	–	–	42,077	41,087
		<u>92,458</u>	<u>4,062</u>	<u>1,609</u>	<u>98,129</u>	<u>96,457</u>

3.2 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by the total equity.

The gearing ratios of the Group are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Total borrowings (<i>Note 23</i>)	22,754	55,740
Total equity	198,559	84,837
Gearing ratio	11%	66%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives and impairment of property, plant and equipment

The Group has significant investments in property, plant and equipment. The Group is required to estimate the useful lives of property, plant and equipment in order to ascertain the amount of depreciation charges for each reporting period.

Useful lives are estimated at the time of purchase of these assets after considering future technology changes, business developments and the Group's strategies. The Group performs annual reviews to assess the appropriateness of the estimated useful lives. Such review takes into account any unexpected adverse changes in circumstances or events, including decline in projected operating results, negative industry or economic trends and rapid advancement in technology. The Group extends or shortens the useful lives and/or makes impairment provisions according to the results of the review.

Impairment of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management judgement is required in the area of asset impairment particularly in assessing; (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of the operations.

(b) Impairment of receivables

Management determines the provision for impairment of trade and other receivables. This estimate is based on the credit history of its customers and the current market condition. Management reassesses the provision at the end of each financial period.

Significant judgement is exercised on the assessment of the collectability of receivables from each customer. In making the judgement, management considers a wide range of factors such as results of follow-up procedures, customer payment trends including subsequent payments and customers' financial positions. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

5 REVENUE AND SEGMENT INFORMATION

Revenue and other income recognised during the year are as follows:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue		
Concrete placing and other ancillary services	485,646	378,479
Other income		
Bank interest income	6	–
Rental income	1,307	587
Interest income from life insurance policies	81	88
Government grants (<i>Note</i>)	577	–
Insurance claims	2,983	1,382
Gain on disposal of property, plant and equipment	8	–
Others	298	794
	<u>5,260</u>	<u>2,851</u>

Note: There are no unfulfilled conditions or contingencies relating to these grants.

Segment information

The chief operating decision-maker has been identified as the Board of the Company. The Board regards the Group's business as a single operating segment and reviews the financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	164,194	147,916
Customer B	61,479	N/A ¹
Customer C	74,442	72,072
Customer D	N/A ¹	41,647
Customer E	65,172	56,207
	<u> </u>	<u> </u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration	880	200
Staff costs (including directors' emoluments)	258,020	245,292
Depreciation of property, plant and equipment	18,517	11,722
Loss on disposal of property, plant and equipment	–	14
Listing expenses	3,354	7,736
Operating lease rental on premises	858	1,174
	<u> </u>	<u> </u>

7 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries, allowances and other benefits	291,736	208,888
Retirement scheme contributions		
– defined contribution plan	<u>7,272</u>	<u>5,571</u>
	299,008	214,459
(Less)/add: Amount included in gross amounts due from/(to) customers for contract work	<u>(40,988)</u>	<u>30,833</u>
	<u>258,020</u>	<u>245,292</u>

The Group operates a defined contribution scheme in Hong Kong which complies with the requirements under the Mandatory Provident Fund (“MPF”) Schemes Ordinance. All assets under the scheme are held separately from the Group under independently administered funds. Contributions to the MPF scheme follow the MPF Schemes Ordinance.

8 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive for the year are set out below:

	Fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2017					
Executive directors					
Mr. Cheung (Chairman) (Note (i))	–	2,311	617	18	2,946
Mr. Cheung Man Tim ("Mr. Tim Cheung") (Chief Executive Officer) (Note (i))	–	1,073	293	18	1,384
Mr. Fung Chi Chung ("Mr. Fung") (Note (i))	–	1,113	293	18	1,424
Independent non-executive directors					
Mr. Miu Hon Kit (Note (ii))	99	–	–	5	104
Mr. Leung Chi Wai (Note (ii))	99	–	–	5	104
Mr. Seid Ka Him (Note (ii))	55	–	–	3	58
	<u>253</u>	<u>4,497</u>	<u>1,203</u>	<u>67</u>	<u>6,020</u>
Year ended 31 March 2016					
Executive directors					
Mr. Cheung	–	2,058	1,171	18	3,247
Mr. Tim Cheung	–	946	479	18	1,443
Mr. Fung	–	946	279	18	1,243
	<u>–</u>	<u>3,950</u>	<u>1,929</u>	<u>54</u>	<u>5,933</u>

During the year ended 31 March 2017, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil). Neither the chief executive nor any of the directors has waived or agreed to waive any emoluments during the year ended 31 March 2017 (2016: Nil).

Notes:

- (i) Mr. Cheung was appointed on 31 May 2016 as a director of the Company and re-designated as an executive director of the Company on 28 June 2016, Mr. Fung and Mr. Tim Cheung were appointed as executive directors of the Company on 28 June 2016. Mr. Cheung was also a director of certain subsidiaries of the Company and Mr. Fung and Mr. Tim Cheung were also employees of the Group during the years ended 31 March 2016 and 2017 and the Group paid emoluments to them in their capacity as the director of these subsidiaries and employees of the Group before their appointment as executive directors of the Company.
- (ii) Mr. Miu Hon Kit, Mr. Leung Chi Wai and Mr. Seid Ka Him were appointed as independent non-executive directors of the Company on 27 September 2016. During the year ended 31 March 2016, the independent non-executive directors have not yet been appointed and received nil directors' remuneration in the capacity of directors.

(b) Five highest paid individuals

For the year ended 31 March 2017, the five individuals whose emoluments were the highest in the Group include, two (2016: three) directors, whose emoluments are disclosed above. The emoluments paid to the remaining three (2016: two) individuals for the year ended 31 March 2017 are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Salaries and allowances	2,955	3,066
Discretionary bonuses	1,597	530
Retirement scheme contributions	50	33
	<u>4,602</u>	<u>3,629</u>

The emoluments fell within the following bands:

	Number of individuals	
	2017	2016
Emolument bands (in HK\$)		
HK\$1,000,001 – HK\$1,500,000	2	1
HK\$1,500,001 – HK\$2,000,000	1	–
HK\$2,000,001 – HK\$2,500,000	–	1
	<u>–</u>	<u>1</u>

During the year ended 31 March 2017, no emoluments were paid by the Group to the above highest paid individuals as (i) an inducement to join or upon joining the Group or (ii) as compensation for loss of office as a director or management of any members of the Group (2016: Nil).

9 FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on finance leases	486	1,076
Interest on bank overdrafts and bank borrowings	789	82
	<u>1,275</u>	<u>1,158</u>

10 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current income tax	8,168	6,853
– Overprovision in prior year	(1,321)	–
Deferred income tax (<i>Note 24</i>)	750	648
	<u>7,597</u>	<u>7,501</u>
Income tax expense	<u><u>7,597</u></u>	<u><u>7,501</u></u>

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong Profits Tax rate as follows:

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax	52,022	37,708
Calculated at a tax rate of 16.5%	8,584	6,222
Expenses not deductible for tax purposes	365	1,282
Tax concession	(60)	(40)
Utilisation of previously unrecognised tax losses	(50)	–
Tax losses for which no deferred income tax asset was recognised	79	39
Overprovision in prior years	(1,321)	–
Others	–	(2)
	<u>7,597</u>	<u>7,501</u>
Income tax expense	<u><u>7,597</u></u>	<u><u>7,501</u></u>

11 EARNINGS PER SHARE

	2017	2016
Profit attributable to owners of the Company (HK\$'000)	<u>44,425</u>	<u>30,207</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	<u>702,974</u>	<u>651,400</u>
Basic earnings per share (HK cents)	<u>6.32</u>	<u>4.64</u>

For the year ended 31 March 2017, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of ordinary shares of 764,800,000 shares in issue during the year.

For the year ended 31 March 2016, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company and (ii) the weighted average number of 651,400,000 shares (comprising 10,000 shares in issue and 651,390,000 shares to be issued under the capitalisation issue) as if these 651,400,000 shares were outstanding throughout the year.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary share in issue during the years ended 31 March 2016 and 2017.

12 LIST OF SUBSIDIARIES

The following is a list of the subsidiaries at 31 March 2017:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of interest held
Chong Kin Group Limited ("Chong Kin BVI")	Limited liability company incorporated on 25 May 2016, the British Virgin Islands (the "BVI")	Investment holding	Ordinary share US\$1	100% (direct)
Fung Sang Investment Limited ("Fung Sang")	Limited liability company incorporated on 26 May 2016, the BVI	Investment holding	Ordinary share US\$1	100% (indirect)
Trade Achiever Investments Limited ("Trade Achiever")	Limited liability company incorporated on 6 April 2016, the BVI	Investment holding	Ordinary share US\$1	100% (indirect)
Chong Fung Investment Limited ("Chong Fung")	Limited liability company incorporated on 26 May 2016, the BVI	Investment holding	Ordinary share US\$1	100% (indirect)
Richway Investment Limited ("Richway Investment")	Limited liability company incorporated on 27 May 2016, the BVI	Investment holding	Ordinary share US\$1	100% (indirect)
Kam Fung	Limited liability company incorporated on 15 March 2000, Hong Kong	Provision of concrete placing services and other ancillary services	Ordinary share HK\$10,000	100% (indirect)
Sang Fu Engineering Limited ("Sang Fu")	Limited liability company incorporated on 4 August 2008, Hong Kong	Provision of concrete placing services and other ancillary services	Ordinary share HK\$100	100% (indirect)
Global Sunny Engineering Limited ("Global Sunny")	Limited liability company incorporated on 6 March 2007, Hong Kong	Provision of concrete placing services and other ancillary services	Ordinary share HK\$100	100% (indirect)
Richway Mechanical Engineering Co., Limited ("Richway Mechanical")	Limited liability company incorporated on 3 December 2008, Hong Kong	Provision of concrete placing services and other ancillary services	Ordinary share HK\$100	100% (indirect)

Note:

None of the subsidiaries had issued any listed securities at the end of the reporting period. The Group had no subsidiaries which have material non-controlling interests for the years ended 31 March 2017 and 2016.

13 DIVIDENDS

No dividend was proposed or paid during the year ended 31 March 2017 (2016: Nil).

14 PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment <i>HK\$'000</i> <i>(Note a)</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i> <i>(Note b)</i>	Total <i>HK\$'000</i>
Cost					
At 1 April 2015	82,106	220	962	4,415	87,703
Additions	3,810	–	–	1,154	4,964
Disposals	(2,166)	–	–	(20)	(2,186)
At 31 March 2016	<u>83,750</u>	<u>220</u>	<u>962</u>	<u>5,549</u>	<u>90,481</u>
Accumulated depreciation					
At 1 April 2015	40,204	37	945	2,178	43,364
Charge for the year	14,321	110	6	759	15,196
Disposals	(2,166)	–	–	(3)	(2,169)
At 31 March 2016	<u>52,359</u>	<u>147</u>	<u>951</u>	<u>2,934</u>	<u>56,391</u>
Net book value					
At 31 March 2016	<u><u>31,391</u></u>	<u><u>73</u></u>	<u><u>11</u></u>	<u><u>2,615</u></u>	<u><u>34,090</u></u>
Cost					
At 1 April 2016	83,750	220	962	5,549	90,481
Additions	22,818	–	–	2,810	25,628
Disposals	–	–	–	(357)	(357)
At 31 March 2017	<u>106,568</u>	<u>220</u>	<u>962</u>	<u>8,002</u>	<u>115,752</u>
Accumulated depreciation					
At 1 April 2016	52,359	147	951	2,934	56,391
Charge for the year	16,282	73	5	986	17,346
Disposals	–	–	–	(311)	(311)
At 31 March 2017	<u>68,641</u>	<u>220</u>	<u>956</u>	<u>3,609</u>	<u>73,426</u>
Net book value					
At 31 March 2017	<u><u>37,927</u></u>	<u><u>–</u></u>	<u><u>6</u></u>	<u><u>4,393</u></u>	<u><u>42,326</u></u>

Notes:

- (a) Machinery and equipment includes the following amounts where the Group is a lessee under finance leases:

	2017 HK\$'000	2016 HK\$'000
Cost – capitalised finance leases	35,150	65,601
Accumulated depreciation	(11,913)	(38,502)
Net book value	23,237	27,099

- (b) Motor vehicles include the following amounts where the Group is a lessee under finance leases:

	2017 HK\$'000	2016 HK\$'000
Cost – capitalised finance leases	–	4,742
Accumulated depreciation	–	(2,141)
Net book value	–	2,601

- (c) Depreciation expense of approximately HK\$17,453,000 (2016: approximately HK\$10,847,000) has been included in cost of sales.

15 DEPOSITS AND PREPAYMENTS FOR LIFE INSURANCE POLICIES

	2017 HK\$'000	2016 HK\$'000
Deposits and prepayments for life insurance policies	3,572	3,491

The Group entered into two life insurance policies (the “Policies”) with an insurance company to insure shareholders of the Company. Under the Policies, the beneficiaries and policy holders are subsidiaries of the Company and the total insured sums are United States dollars (“US\$”) 1,500,000 (equivalent to approximately HK\$11,700,000).

At inception of the Policies, the Group is required to make a total single upfront payments of US\$435,120 (equivalent to approximately HK\$3,394,000) which include fixed policy premium charge and deposits. Monthly policy expense and insurance charge will be incurred over the insurance period with reference to the terms set out in the Policies.

The insurance company will pay the Group guaranteed interest rates of 3.3% for the first three years and 4.0% for the first year, respectively, and a variable return per annum afterwards (with guaranteed minimum interest rate of 3.0% and 2.0%, respectively, during the effective period of the Policies). The policy premium, expense and insurance charges are recognised in profit or loss over the expected life of the Policies and the deposits placed are carried at amortised cost using the effective interest method. The Group may request full surrender of the Policies at any time and receive cash back based on the value of the Policies at the date of withdrawal, which is determined by the gross premium paid plus accumulated interest earned and minus the policy expense and insurance premium charge. If such withdrawal are made between the first to fifteenth policy year and first to eighteenth policy year, respectively, a pre-determined specified surrender charge would be imposed on the Group.

The directors of the Company consider that the possibility of terminating the Policies during the first to fifteenth policy year and first to eighteenth policy year, respectively, was low and the expected life of the life insurance policy remains unchanged since its initial recognition.

16 FINANCIAL INSTRUMENTS BY CATEGORY

	2017 HK\$'000	2016 HK\$'000
Financial assets		
<i>Loans and receivables</i>		
Deposits and prepayments for life insurance policies	3,572	3,491
Trade and other receivables	61,214	52,952
Amounts due from shareholders	–	6,148
Cash and bank balances	105,740	67,744
Total	170,526	130,335
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	41,669	40,717
Borrowings (excluding finance lease liabilities)	10,822	41,087
Finance lease liabilities	11,932	14,653
Total	64,423	96,457

17 TRADE AND OTHER RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Trade receivables (<i>Notes (a) and (b)</i>)	3,442	15,018
Other receivables, deposits and prepayments	1,026	1,583
Retention receivables	57,376	36,776
	61,844	53,377

Notes:

- (a) Trade receivables are past due when a counterparty has failed to make a payment when contractually due. Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 14 to 60 days from payment application date generally. Customers generally make payments within 7 to 14 days from the date of issue of payment certificates to the Group. Trade receivables are denominated in HK\$.
- (b) The ageing analysis of the trade receivables based on the date of payment certificates issued by customers is as follows:

	2017 HK\$'000	2016 HK\$'000
0-30 days	2,450	10,977
31-60 days	416	3,041
61-90 days	–	753
Over 90 days	576	247
	3,442	15,018

Trade receivables of approximately HK\$496,000 (2016: approximately HK\$7,227,000) as at 31 March 2017 were not yet past due and approximately HK\$2,946,000 (2016: approximately HK\$7,791,000) as at 31 March 2017 were past due but not impaired. Trade receivables from a number of independent customers of whom there is no recent history of default and no provision has therefore been made. The ageing analysis of these trade receivables is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0-30 days	1,450	3,750
31-60 days	631	3,794
Over 90 days	865	247
	<u>2,946</u>	<u>7,791</u>

Retention receivables as at 31 March 2017 and 2016 were not yet past due and will be settled in accordance with the terms of respective contract.

- (c) The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

18 GROSS AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Gross amounts due from customers for contract work		
Contract costs incurred plus recognised profits		
less recognised losses	780,463	499,352
Less: Progress billings received and receivable	<u>(675,532)</u>	<u>(446,852)</u>
	<u>104,931</u>	<u>52,500</u>
Gross amounts due to customers for contract work		
Progress billings received and receivable	450,160	382,927
Less: Contract costs incurred plus recognised profits		
less recognised losses	<u>(399,520)</u>	<u>(346,541)</u>
	<u>50,640</u>	<u>36,386</u>

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

19 AMOUNTS DUE FROM SHAREHOLDERS

Name of shareholders	Maximum outstanding balance during the year		2017	2016
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Mr. Cheung	4,440	744	–	562
Mr. Chan	5,686	5,586	–	5,586
			–	6,148

Mr. Cheung is an executive director of the Company.

The amounts due were non-trade nature, unsecured, non-interest bearing and had no fixed terms of repayment.

20 CASH AND BANK BALANCES

	2017	2016
	HK\$'000	HK\$'000
Cash at banks	105,608	67,516
Cash on hand	132	228
	105,740	67,744

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The carrying amount of cash and bank balances were denominated in the following currencies:

	2017	2016
	HK\$'000	HK\$'000
HK\$	105,625	67,717
US\$	115	27
	105,740	67,744

21 SHARE CAPITAL

	<i>Notes</i>	Number of ordinary shares	Nominal amount HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
On 31 May 2016 (date of incorporation)	<i>(b)</i>	38,000,000	380
Increase in authorised share capital	<i>(c)</i>	<u>1,962,000,000</u>	<u>19,620</u>
As at 31 March 2017		<u><u>2,000,000,000</u></u>	<u><u>20,000</u></u>
Issued and fully paid:			
On 31 May 2016 (date of incorporation)	<i>(b)</i>	1	–
Shares issued upon the Reorganisation	<i>(d)</i>	9,999	–
Shares issued pursuant to the capitalisation issue	<i>(e)</i>	651,390,000	6,514
Shares issued under share offer	<i>(f)</i>	<u>113,400,000</u>	<u>1,134</u>
As at 31 March 2017		<u><u>764,800,000</u></u>	<u><u>7,648</u></u>

Notes:

- (a) The balance of share capital at 31 March 2016 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the Reorganisation.
- (b) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil-paid to the subscriber on 31 May 2016, which was then transferred to Pioneer Investment on the same date.
- (c) On 27 September 2016, the then sole shareholder resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- (d) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Chong Kin Group Limited from Pioneer Investment, on 27 September 2016, (i) the 1 nil-paid share held by Pioneer Investment was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Pioneer Investment.
- (e) Pursuant to the written resolutions of the sole shareholder of the Company passed on 27 September 2016, the Company issued and allotted a total of 651,390,000 ordinary shares of the Company credited as fully paid to the then sole shareholder of the Company's shares on the register of members at the close of business on 27 September 2016 by way of capitalisation of the sum of HK\$6,513,900 standing to the credit of the share premium account of the Company.
- (f) On 17 October 2016, 113,400,000 ordinary shares of HK\$0.01 each were issued to the public at a price of HK\$0.7 per share for cash totalling HK\$79,380,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK\$10,083,000, were credited to the share premium account of the Company.

22 SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 September 2016 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

Under the Scheme, the directors of the Company may at their absolute discretion and subject to the terms of the Scheme, grant options to any employees (full-time or part-time), directors, substantial shareholders, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, to subscribe for shares of the Company. The eligibility of any participants to the grant of any options shall be determined by the directors from time to time on the basis of the directors' opinion as to their contribution to the development and growth of the Group.

The aggregate number of the Company's shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share options schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share options schemes of the Company if this will result in the limit being exceeded. The maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date must not in aggregate exceed 10% of all the shares in issue upon the date on which the shares are listed and permitted to be dealt in the Stock Exchange. The 10% limit may be refreshed at any time by approval of the Company's shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the Scheme and any other share options schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit.

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the shares of the Company in issue. Where any further grant of options to a participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such participant and his/her close associates abstaining from voting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approval by the independent non-executive directors of the Company (excluding any independent non-executive director who is the grantee). Where any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective close associates would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) under the Scheme and any other share option schemes of the Company to such person in any 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares of the Company in issue and having an aggregate value in excess of HK\$5 million must be approved by the Company's shareholders at the general meeting of the Company, with voting to be taken by way of poll.

The offer of a grant of share options might be accepted in writing within 7 days from the date of the offer. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option with a remittance in favour of the Company within such time as may be specified in the offer (which shall not be later than 7 days from the date of the offer).

The subscription price shall be a price solely determined by the Board of the Company and notified to a participant and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date; and (iii) the nominal value of the Company's share on the offer date.

The Scheme shall be valid and effective for a period of ten years commencing on 27 September 2016, subject to early termination provisions contained in the Scheme.

No share options were granted since the adoption of the Scheme and there were no share option outstanding as at 31 March 2016 and 2017.

23 BORROWINGS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current		
Finance lease liabilities (<i>Note c</i>)	797	5,449
Current		
Bank overdrafts (<i>Notes b and f</i>)	–	3,676
Bank borrowings (<i>Notes a, b and f</i>)	10,822	37,411
Finance lease liabilities (<i>Note c</i>)	11,135	9,204
	21,957	50,291
Total borrowings	22,754	55,740

Notes:

(a) Bank borrowings

The bank borrowings are classified as current liabilities according to the HK Interpretation 5, Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause issued by the HKICPA. According to the repayment schedule, the bank borrowings are repayable as follow:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 year	10,426	26,589
Between 1 and 2 years	262	10,427
Between 2 and 5 years	134	395
	10,822	37,411

- (b) The carrying amounts of the bank overdrafts and bank borrowings are denominated in the following currencies:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
HK\$	10,172	40,190
US\$	650	897
	<u>10,822</u>	<u>41,087</u>

- (c) Finance lease liabilities

Lease liabilities are secured as the rights to the leased assets revert to the lessors in the event of default.

At the end of lease term of certain finance leases the Group has the option to purchase the leased asset at a price deemed to be a bargain purchase option.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Gross finance lease liabilities – minimum lease payments		
Within 1 year	11,270	9,664
Between 1 and 2 years	809	4,062
Between 2 and 5 years	–	1,609
	<u>12,079</u>	<u>15,335</u>
Future finance charges on finance leases	(147)	(682)
Present value of finance lease liabilities	<u>11,932</u>	<u>14,653</u>

The present value of finance lease liabilities is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 year	11,135	9,204
Between 1 and 2 years	797	3,883
Between 2 and 5 years	–	1,566
	<u>11,932</u>	<u>14,653</u>

The finance leases are secured by the Group's machinery and equipment with an aggregate net book value of approximately HK\$23,237,000 (2016: approximately HK\$27,099,000) and motor vehicles with an aggregate net book value of nil (2016: approximately HK\$2,601,000) as at 31 March 2017. Finance leases with carrying amounts of nil (2016: approximately HK\$12,368,000) as at 31 March 2017 are guaranteed by personal guarantees given by Mr. Cheung.

The carrying amounts of all finance lease liabilities are denominated in HK\$.

(d) The interest rates per annum of borrowings are as follows:

	2017	2016
Bank overdrafts	–	5.50% to 6.00%
Bank borrowings	5.13% to 6.58%	4.58% to 6.58%
Finance lease liabilities	5.67%	3.82% to 8.37%

(e) As at 31 March 2017, the undrawn banking facilities amounted to approximately HK\$2,000,000 (2016: approximately HK\$1,024,000).

(f) These banking facilities are secured/guaranteed by:

- (i) Personal guarantees given by Mr. Cheung and Mr. Chan as at 31 March 2016;
- (ii) Subordination agreements executed by Mr. Cheung and/or Mr. Chan or subsidiaries of the Company to subordinate their loan as at 31 March 2016;
- (iii) Pledge of deposits and prepayments life insurance policies amounting to approximately HK\$3,572,000 (2016: approximately HK\$3,491,000) as at 31 March 2017;
- (iv) Corporate guarantee provided by certain subsidiaries of the Company as at 31 March 2016 and 2017;
- (v) Corporate guarantee provided by the Company as at 31 March 2017; and
- (vi) Guarantee by The Hong Kong Mortgage Corporation Limited under SME Financing Guarantee Scheme as at 31 March 2016.

24 DEFERRED TAX LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax liabilities arising from:	Depreciation allowances in excess of the related depreciation HK\$'000
At 1 April 2015	3,274
Charged to profit or loss (<i>Note 10</i>)	648
At 31 March 2016 and 1 April 2016	3,922
Charged to profit or loss (<i>Note 10</i>)	750
At 31 March 2017	4,672

As at 31 March 2017, the Group has unused tax losses of approximately HK\$952,000 (2016: approximately HK\$508,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Unrecognised tax losses may be carried forward indefinitely.

25 TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	10,773	11,731
Accruals and other payables	30,896	28,986
	<u>41,669</u>	<u>40,717</u>

Notes:

(a) The ageing analysis of trade payables based on the invoice date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0-30 days	10,370	10,049
31-60 days	339	1,591
61-90 days	–	27
Over 90 days	64	64
	<u>10,773</u>	<u>11,731</u>

(b) All trade and other payables are denominated in HK\$.

26 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) **Reconciliation of profit before income tax to net cash generated from operations**

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before income tax	52,022	37,708
Adjustments for:		
Depreciation	17,346	15,196
Interest income	(87)	(88)
Interest expense	1,275	1,158
(Gain)/loss on disposal of property, plant and equipment	(8)	14
	<u>70,548</u>	<u>53,988</u>
Operating profit before working capital changes	70,548	53,988
Increase in trade and other receivables	(8,467)	(12,202)
Increase in gross amounts due from customers		
for contract work	(52,431)	(11,895)
Increase in trade and other payables	952	17,249
Increase in gross amounts due to customers for contract work	14,254	19,611
	<u>24,856</u>	<u>66,751</u>
Net cash generated from operations	<u>24,856</u>	<u>66,751</u>

(b) **Material non-cash transactions**

During the year ended 31 March 2017, additions to property, plant and equipment of approximately HK\$16,827,000 (2016: approximately HK\$968,000) were financed by finance lease arrangements.

27 COMMITMENTS**(a) Capital commitments**

Capital commitments contracted for at the end of each of the reporting period but not yet incurred are as follows:

	2017 <i>HK\$ '000</i>	2016 <i>HK\$ '000</i>
Property, plant and equipment	–	4,104

(b) Operating lease commitments – Group as lessee

At the end of each of the reporting period, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2017 <i>HK\$ '000</i>	2016 <i>HK\$ '000</i>
Within one year	750	536
In the second to fifth years inclusive	536	–
	<u>1,286</u>	<u>536</u>

The Group is the lessee in respect of office premises under operating leases. The leases typically run for an initial period of 2 years, with an option to renew the leases when all terms are renegotiated.

28 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) Save as disclosed in Notes 19 and 23 to the consolidated financial statements, the Group did not have any significant related party transaction with related parties during the year.
- (b) The emoluments of the directors and senior executives (representing the key management personnel) during the year are disclosed in Note 8.

29 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

30 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2017 HK\$'000
ASSETS	
Non-current assets	
Investment in subsidiaries	93,580
Current assets	
Prepayments	259
Amount due from a subsidiary	20,031
Cash and bank balances	43,901
	64,191
Total assets	157,771
EQUITY	
Capital and reserves	
Share capital	7,648
Reserves	149,668
Total equity	157,316
LIABILITIES	
Current liabilities	
Trade and other payables	440
Amount due to a subsidiary	15
Total liabilities	455
Total equity and liabilities	157,771
Net current assets	63,736
Total assets less current liabilities	157,316

(b) Reserve movement of the Company

	Share premium <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 31 May 2016 (date of incorporation)	–	–	–	–
Loss and total comprehensive expense for the period	–	–	(5,561)	(5,561)
The Reorganisation	–	93,580	–	93,580
Share issued pursuant to the capitalisation issue	(6,514)	–	–	(6,514)
Share issued under share offer	78,246	–	–	78,246
Share issuance costs	(10,083)	–	–	(10,083)
	<u>61,649</u>	<u>93,580</u>	<u>(5,561)</u>	<u>149,668</u>
At 31 March 2017	<u>61,649</u>	<u>93,580</u>	<u>(5,561)</u>	<u>149,668</u>

3. FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

Set out below is the full text of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2017 as extracted from the interim report of the Company for the six months ended 30 September 2017.

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2017

	Note	Six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	6	218,231	234,889
Cost of sales		<u>(184,582)</u>	<u>(193,920)</u>
Gross profit		33,649	40,969
Other income	6	3,103	1,474
Administrative and other operating expenses		<u>(15,548)</u>	<u>(14,931)</u>
Operating profit		21,204	27,512
Finance costs	7	<u>(302)</u>	<u>(784)</u>
Profit before income tax	8	20,902	26,728
Income tax expense	9	<u>(3,674)</u>	<u>(4,881)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u><u>17,228</u></u>	<u><u>21,847</u></u>
Basic and diluted earnings per share (HK cents)	10	<u><u>2.25</u></u>	<u><u>3.35</u></u>

Details of dividends are disclosed in Note 11 to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position*As at 30 September 2017*

		As at 30 September 2017	As at 31 March 2017
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	35,549	42,326
Deposits and prepayments for life insurance policies		3,612	3,572
		<u>39,161</u>	<u>45,898</u>
Current assets			
Trade and other receivables	13	64,437	61,844
Gross amounts due from customers for contract work		107,819	104,931
Current income tax recoverable		305	–
Cash and bank balances		92,936	105,740
		<u>265,497</u>	<u>272,515</u>
Total assets		<u>304,658</u>	<u>318,413</u>
EQUITY			
Capital and reserves			
Share capital	14	7,648	7,648
Reserves		208,139	190,911
Total equity		<u>215,787</u>	<u>198,559</u>

		As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Borrowings	15	–	797
Deferred tax liabilities		3,955	4,672
		<u>3,955</u>	<u>5,469</u>
Current liabilities			
Trade and other payables	16	32,053	41,669
Gross amounts due to customers for contract work		41,818	50,640
Borrowings	15	7,338	21,957
Current income tax liabilities		3,707	119
		<u>84,916</u>	<u>114,385</u>
Total liabilities		<u>88,871</u>	<u>119,854</u>
Total equity and liabilities		<u><u>304,658</u></u>	<u><u>318,413</u></u>
Net current assets		<u><u>180,581</u></u>	<u><u>158,130</u></u>
Total assets less current liabilities		<u><u>219,742</u></u>	<u><u>204,028</u></u>

Condensed Consolidated Interim Statement of Changes in Equity*For the six months ended 30 September 2017*

	Share capital <i>HK\$'000</i> (Unaudited) <i>(Note 14)</i>	Share premium <i>HK\$'000</i> (Unaudited)	Merger reserve <i>HK\$'000</i> (Unaudited) <i>Note</i>	Retained earnings <i>HK\$'000</i> (Unaudited)	Total equity <i>HK\$'000</i> (Unaudited)
Balance at 1 April 2016	10	–	–	84,827	84,837
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>21,847</u>	<u>21,847</u>
The reorganisation	<u>10</u> <u>(10)</u>	<u>–</u> <u>–</u>	<u>–</u> <u>10</u>	<u>106,674</u> <u>–</u>	<u>106,684</u> <u>–</u>
Balance at 30 September 2016	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>10</u></u>	<u><u>106,674</u></u>	<u><u>106,684</u></u>
Balance at 1 April 2017	7,648	61,649	10	129,252	198,559
Profit and total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>–</u>	<u>17,228</u>	<u>17,228</u>
Balance at 30 September 2017	<u><u>7,648</u></u>	<u><u>61,649</u></u>	<u><u>10</u></u>	<u><u>146,480</u></u>	<u><u>215,787</u></u>

Note: The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation (as defined in Note 1 to the condensed consolidated interim financial statements).

Condensed Consolidated Interim Statement of Cash Flows*For the six months ended 30 September 2017*

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from/(used in) operating activities	2,364	(1,358)
Net cash generated from/(used in) investing activities	550	(4,429)
Net cash used in financing activities	(15,718)	(21,919)
Net decrease in cash and cash equivalents	(12,804)	(27,706)
Cash and cash equivalents at beginning of period	105,740	64,068
Cash and cash equivalents at end of period, represented by cash and bank balances and bank overdrafts	<u>92,936</u>	<u>36,362</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1 GENERAL INFORMATION AND BASIS OF PRESENTATION**(a) General information**

The Company was incorporated in the Cayman Islands on 31 May 2016 as an exempted company with limited liability. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company is Office B, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in provision of concrete placing services and other ancillary services. Its parent and ultimate holding company is Pioneer Investment Limited (“Pioneer Investment”), a company incorporated in the British Virgin Islands and owned as to 70% by Mr. Cheung Yuk Kei (“Mr. Cheung”) and 30% by Mr. Chan Yiu Hung (“Mr. Chan”), the controlling parties of the Company.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 17 October 2016.

(b) Basis of presentation

Prior to the corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange (the “Reorganisation”), the group entities were under the control of Mr. Cheung and Mr. Chan. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 27 September 2016. Accordingly, for the purpose of the preparation of the condensed consolidated interim financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the periods presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Cheung and Mr. Chan prior to and after the Reorganisation.

The condensed consolidated interim financial statements have been prepared as if the Company had been the holding company of the Group throughout the periods presented in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six months ended 30 September 2016, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the periods presented, or since their respective dates of incorporation where this is a shorter period.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 8 November 2017.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2017 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the HKICPA and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those described in the annual financial statements except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“new and revised HKFRSs”) issued by the HKICPA for the first time for the current period’s financial statements. The adoption of these new and revised HKFRSs has had no material impact on the condensed consolidated interim financial statements.

The Group has not yet adopted any new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group’s results and financial position.

4 FINANCIAL RISK MANAGEMENT

The Group’s activities exposed it to a variety of financial risks: interest rate risk, credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 March 2017.

There have been no changes in the risk management policies since year end.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

6 REVENUE AND SEGMENT INFORMATION

Revenue and other income recognised during the period are as follows:

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue		
Concrete placing and other ancillary services	218,231	234,889
Other income		
Bank interest income	6	–
Rental income	702	877
Interest income from life insurance policies	40	43
Government grants	–	97
Insurance claims	1,731	393
Gain on disposal of property, plant and equipment	455	–
Others	169	64
	<u>3,103</u>	<u>1,474</u>

Segment information

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews the financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

7 FINANCE COSTS

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– Bank borrowings and overdrafts	209	501
– Finance leases	93	283
	<u>302</u>	<u>784</u>

8 PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Depreciation	6,737	7,636
Operating lease rental on premises	455	429
Listing expenses	–	3,134
Staff costs, including directors' emoluments (<i>Note</i>)	127,537	124,773
Loss on disposal of property, plant and equipment	–	10
	<u> </u>	<u> </u>

Note:

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	162,039	136,552
Retirement scheme contributions		
– defined contribution plan	<u>3,329</u>	<u>3,561</u>
	165,368	140,113
Less: Amount included in gross amounts due from/(to) customers for contract work	<u>(37,831)</u>	<u>(15,340)</u>
	<u>127,537</u>	<u>124,773</u>

9 INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong for both periods.

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax:		
Current income tax	4,391	5,216
Deferred income tax	<u>(717)</u>	<u>(335)</u>
Income tax expense	<u>3,674</u>	<u>4,881</u>

10 EARNINGS PER SHARE

For the period ended 30 September 2017, the calculation of the basic earnings per share attributable to owners of the Company was based on: (i) the profit attributable to owners of the Company; and (ii) the weighted average number of 764,800,000 shares in issue during the period.

For the period ended 30 September 2016, the calculation of the basic earnings per share attributable to owners of the Company was based on (i) the profit attributable to owners of the Company; and (ii) the weighted average number of 651,400,000 shares (comprising 10,000 shares in issue and 651,390,000 shares to be issued under the capitalisation issue) as if these 651,400,000 shares were outstanding throughout the period.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the respective periods.

11 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2017 (2016: Nil).

12 PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment <i>HK\$'000</i>
Six months ended 30 September 2017 (Unaudited)	
Net book value	
Opening amount as at 1 April 2017	42,326
Disposals	(95)
Depreciation	(6,682)
	<u>35,549</u>
Closing amount as at 30 September 2017	<u><u>35,549</u></u>
Six months ended 30 September 2016 (Unaudited)	
Net book value	
Opening amount as at 1 April 2016	34,090
Additions	4,560
Disposals	(14)
Depreciation	(7,861)
	<u>30,775</u>
Closing amount as at 30 September 2016	<u><u>30,775</u></u>

13 TRADE AND OTHER RECEIVABLES

	As at 30 September 2017	As at 31 March 2017
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Trade receivables	1,794	3,442
Other receivables, deposits and prepayments	2,480	1,026
Retention receivables	60,163	57,376
	<u>64,437</u>	<u>61,844</u>

Notes:

- (a) Credit terms granted to customers vary from contract to contract. The credit period granted to customers is 14 to 60 days from payment application date generally. Customers generally make payments within 7 to 14 days from the date of issue of payment certificates to the Group.
- (b) The ageing analysis of the trade receivables based on the date of payment certificates issued by customers is as follows:

	As at 30 September 2017	As at 31 March 2017
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
0-30 days	318	2,450
31-60 days	–	416
61-90 days	–	–
Over 90 days	1,476	576
	<u>1,794</u>	<u>3,442</u>

14 SHARE CAPITAL

	<i>Notes</i>	Number of ordinary shares	Nominal amount HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each			
Authorised:			
On 31 May 2016 (date of incorporation)	<i>(a)</i>	38,000,000	380
Increase in authorised share capital	<i>(b)</i>	1,962,000,000	19,620
As at 30 September 2016, 1 April 2017 and 30 September 2017		<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:			
On 31 May 2016 (date of incorporation)	<i>(a)</i>	1	–
Shares issued upon the Reorganisation	<i>(c)</i>	9,999	–
As at 30 September 2016		10,000	–
Shares issued pursuant to the capitalisation issue	<i>(d)</i>	651,390,000	6,514
Shares issued under share offer	<i>(e)</i>	113,400,000	1,134
As at 1 April 2017 and 30 September 2017		<u>764,800,000</u>	<u>7,648</u>

Notes:

- (a) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil-paid to the subscriber on 31 May 2016, which was then transferred to Pioneer Investment on the same date.
- (b) On 27 September 2016, the then sole shareholder resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares, each ranking *pari passu* with the shares then in issue in all respects.
- (c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Chong Kin Group Limited from Pioneer Investment, on 27 September 2016, (i) the 1 nil-paid share held by Pioneer Investment was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Pioneer Investment.
- (d) Pursuant to the written resolutions of the sole shareholder of the Company passed on 27 September 2016, the Company issued and allotted a total of 651,390,000 ordinary shares of the Company credited as fully paid to the then sole shareholder of the Company's shares on the register of members at the close of business on 27 September 2016 by way of capitalisation of the sum of HK\$6,513,900 standing to the credit of the share premium account of the Company.
- (e) On 17 October 2016, 113,400,000 ordinary shares of HK\$0.01 each were issued to the public at a price of HK\$0.7 per share for cash totalling HK\$79,380,000 by way of share offer. The excess of issue price over the par value of the shares, net of issuance costs of approximately HK\$10,083,000, were credited to the share premium account of the Company.

15 BORROWINGS

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Non-current		
Finance lease liabilities	–	797
Current		
Bank borrowings	5,131	10,822
Finance lease liabilities	2,207	11,135
	<u>7,338</u>	<u>21,957</u>
Total borrowings	<u><u>7,338</u></u>	<u><u>22,754</u></u>

16 TRADE AND OTHER PAYABLES

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
Trade payables	8,312	10,773
Accruals and other payables	23,741	30,896
	<u>32,053</u>	<u>41,669</u>

Note:

The ageing analysis of trade payables based on the invoice date is as follows:

	As at 30 September 2017 <i>HK\$'000</i> (Unaudited)	As at 31 March 2017 <i>HK\$'000</i> (Audited)
0-30 days	7,852	10,370
31-60 days	66	339
61-90 days	379	–
Over 90 days	15	64
	<u>8,312</u>	<u>10,773</u>

17 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The emoluments of the directors and the senior executives (representing the key management personnel), were as follows:

	Six months ended	
	30 September	
	2017	2016
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(Unaudited)	(Unaudited)
Salaries, allowances and other benefits	2,929	2,081
Contribution to defined contribution retirement plan	41	27
	<u>2,970</u>	<u>2,108</u>

18 CONTINGENT LIABILITIES

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could incur judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period.

4. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2017, being the latest practicable date for determining the indebtedness of the Group, the Group had outstanding total indebtedness of approximately HK\$6.2 million comprising of:

- (i) bank borrowings of approximately HK\$4.3 million which were secured by the corporate guarantees of the Company and its certain subsidiaries; and
- (ii) obligations under finance lease of HK\$1.9 million which were secured by certain machinery and equipment.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 31 October 2017, have any material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued or term loan, whether guaranteed, unguaranteed, secured (whether the security is provided by the Company or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or finance lease commitments, whether guaranteed, unguaranteed, secured and unsecured; (iii) mortgage or charges; or (iv) guarantees or other material contingent liabilities.

5. NO MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 March 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

Mr. Zhang, being the sole director of and the ultimate beneficial owner of all the issued ordinary shares in the Offeror, accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price of Shares (HK\$)
2017	
30 June	0.52
31 July	0.51
31 August	0.79
29 September	1.03
31 October	1.11
29 November (<i>being the Last Trading Day and the last day on which trading of the Shares took place in November</i>)	2.34
19 December (<i>being the Latest Practicable Date</i>)	2.25

Note: Trading of Shares was suspended from the 30 November 2017 to 1 December 2017 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$2.55 per Share on 7 December 2017, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.50 per Share on 1 August 2017, 2 August 2017, 10 August 2017, 11 August 2017 and 16 August 2017 respectively.

3. DISCLOSURE OF INTERESTS IN THE COMPANY AND DEALINGS IN SECURITIES

As at the Latest Practicable Date, the Offeror owned a total of 573,600,000 Shares, representing 75% of the entire issued share capital of the Company.

During the Relevant Period, the Offeror had dealt in the Shares as follows:

Date	Nature of dealing	Number of Shares involved	Price per Share HK\$
<i>2017</i>			
4 September	Purchase	6,660,000	0.8420
5 September	Purchase	560,000	0.8507
6 September	Purchase	2,480,000	0.9186
7 September	Purchase	650,000	0.9200
8 September	Purchase	300,000	0.9000
11 September	Purchase	3,760,000	0.9544
13 September	Purchase	100,000	0.9400
6 October	Sale	(3,500,000)	1.0900
9 October	Sale	(11,010,000)	1.1486

Save for the above, the Offeror confirms that, as at the Latest Practicable Date:

- (i) the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them had not received any irrevocable commitment to accept or reject the Offer;
- (ii) there were no outstanding derivatives in respect of the securities in the Company which is owned, controlled or directed by, or had been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (iii) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owned or had control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) there was no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) none of the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (vii) there were no conditions (including normal conditions relating to acceptance, listing and increase of capital) to which the Offer is subject;
- (viii) other than the consideration for the Sale Shares, there were no other considerations, compensations or benefits in whatever form provided by the Offeror and parties acting in concert with it to the Vendor and parties acting in concert with it;
- (ix) there were no special deals (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on one hand and the Vendor and parties acting in concert with it on the other hand;
- (x) there were no agreements, arrangements or understandings which may result in the securities of the Company to be acquired in pursuance of the Offer being transferred, charged or pledged to any other persons;
- (xi) there were no agreements, arrangements, or understandings (including any compensation arrangement) existed between the offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or which was dependent upon the offer; and
- (xii) there were no benefits which will be given to the Directors as compensation for loss of office or otherwise in connection with the Offer.

4. EXPERT AND CONSENT

The following is the name and the qualification of the professional adviser to the Offeror whose letter, opinion or advice is contained or referred to in this Composite Document:

Name	Qualifications
Optima Capital	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Optima Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its letter, opinion or advice and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Optima Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

5. MISCELLANEOUS

- (a) The principal members of the parties acting in concert with the Offeror include the sole director and ultimate beneficial owner of the Offeror (namely Mr. Zhang);
- (b) The registered office of the Offeror is situated at Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110.
- (c) Optima Capital is making the Offer for and on behalf of the Offeror and is the financial adviser to the Offeror relating to the Offer. The registered office of Optima Capital is situated at Suite 1501, 15th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (d) The correspondence address of the Offeror is at Suite 2011-13, 20/F, Tower 6, The Gateway, 9 Canton Road, Tsim Sha Tsui, Hong Kong.
- (e) In the event of inconsistency, the English texts of this Composite Document and the accompanying Acceptance Form shall prevail over their respective Chinese texts.

6. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the websites of the SFC at <http://www.sfc.hk> and the Company at <https://www.chongkin.com.hk> from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the letter from Optima Capital, the text of which is set out on pages 8 to 19 of this Composite Document; and
- (c) the written consent referred to under the paragraph headed “Expert and consent” in this appendix.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than the information relating to the Vendor, the Offeror, their respective associates and parties acting in concert or presumed to be acting in concert with any of them, the terms of the Offer and the future intention of the Offeror) contained in this Composite Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Vendor, the Offeror and parties acting in concert with each of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY**(a) Authorised and issued share capital**

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$20,000,000.00 comprising 2,000,000,000 Shares and the issued share capital of the Company was HK\$7,648,000.00 comprising 764,800,000 Shares. As at the Latest Practicable Date, the Company had no outstanding warrants, options, derivatives or securities convertible into Shares and had not entered into any agreement for the issue of such warrants, options, derivatives or securities of the Company.

All existing issued Shares rank pari passu in all respects including all rights as to dividends, voting and interests in capital.

Since 31 March 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, the Company has not issued any Share.

(b) Listing

The Shares are listed and traded on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor is any listing of or permission to deal in the Shares being or proposed to be sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS**(a) Interests of Directors**

As at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the

SFO) or which, pursuant to Section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”), notified to the Company and the Stock Exchange.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company:

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares held/interested in	Percentage of shareholding
The Offeror	Beneficial owner	573,600,000	75%
Mr. Zhang	Interests in controlled corporation (<i>Note</i>)	573,600,000	75%

Note: These 573,600,000 Shares are held by the Offeror, which is direct wholly-owned by Mr. Zhang who is also the sole director of the Offeror. Therefore, Mr. Zhang is deemed, or taken to be, interested in all the Shares held by the Offeror for the purposes of the SFO.

Save as disclosed above, as at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the Directors were not aware of any other persons (not being a Director or chief executive of the Company) had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company.

4. DEALINGS IN SECURITIES OF THE COMPANY

(a) During the Relevant Period,

(i) the Company had no shareholdings in the Offeror and the Company has not dealt for value in the shareholdings in the Offeror; and

- (ii) there were no shareholdings in the Company or in the Offeror in which any of the Directors was interested; and none of the Directors has dealt for value in the shareholdings in the Company or in the Offeror.
- (b) During the Offer Period and up to the Latest Practicable Date,
- (i) no subsidiaries of the Company, pension funds of any member of the Group or any advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders (as defined under the Takeovers Code) had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
 - (ii) save for the Agreement, no person, with whom the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares; and
 - (iii) no fund managers connected with the Company had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

5. DEALINGS IN SECURITIES OF THE OFFEROR

During the Relevant Period, none of the Company and the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

6. OTHER DISCLOSURE OF INTERESTS AND DEALINGS

As at the Latest Practicable Date,

- (a) neither the Company, any member of the Group nor any of the Directors was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror;
- (b) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of member of the Group or by an adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders (as defined under the Takeovers Code);
- (c) save for the Agreement, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the

Company and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code;

- (d) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company; and
- (e) none of the Company or any of the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit was given to any Directors as compensation for loss of office or otherwise in connection with the Offer (save that termination of appointment is subject to one month’s notice or payment in lieu of notice);
- (b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) there was no material contract entered into by the Offeror in which any Director has a material personal interest.

8. DIRECTORS’ SERVICE CONTRACT

Each of the executive Directors and the independent non-executive Directors has entered into a service contract with the Company for a term of two years commencing from 17 October 2016, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association of the Company. The contract can be terminated by not less than one month’s notice in writing served by either party on the other.

Pursuant to the service contracts, each of the executive Directors, namely Mr. Cheung, Mr. Cheung Man Tim and Mr. Fung Chi Chung is entitled to a director’s fee of HK\$2,470,000, HK\$1,170,000 and HK\$1,170,000 per annum respectively together with allowance and discretionary bonuses to be determined by the Board with reference to the experience, duties and responsibilities of the executive Directors within the Company and to be approved by the remuneration committee and the Board of the Company.

Further, each of independent non-executive Directors, namely, Mr. Miu Hon Kit, Mr. Leung Chi Wai and Mr. Seid Ka Him is entitled to a director’s fee of HK\$216,000, HK\$216,000 and HK\$120,000 per annum which was determined with reference to his duties and responsibilities.

The director's fees of Mr. Cheung and Mr. Fung Chi Chung have been increased to HK\$2,544,108 and HK\$1,205,100 per annum respectively since the date of the annual general meeting of the Company held on 28 August 2017 whereas the director's fees for the other Directors remain unchanged.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing service contracts with any member of the Group or any associated company of the Group:

- (a) which (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the commencement of the Offer Period;
- (b) which are continuous contracts with a notice period of 12 months or more; or
- (c) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, the Group was involved in 8 ongoing employees' compensation applications and 3 ongoing common law personal injuries actions commenced by our employees, which were occurred in the ordinary and usual course of the Group's business. These ongoing litigations are being dealt with and handled by the insurers of the Group and the relevant main contractors. The amounts claimed in these ongoing litigations are expected to be fully covered by the relevant insurance policies and that these ongoing litigations will not have material impact on the Group.

Further, as at the Latest Practicable Date, there were workplace accidents occurred to our employees or workers of the Group's service providers and subcontractors, the claims of which have not been commenced against the Group but within the limitation of two years (for employees' compensation applications) or three years (for common law personal injuries actions) from the date of the relevant incident pursuant to the Limitation Ordinance (Chapter 347 of the Laws of Hong Kong). These accidents were caused during the usual and ordinary business of the Group and did not cause material disruption to the Group's business. The Group is not in the position to assess the likely quantum of such potential claims but the Group and the relevant main contractors have insurance to sufficiently cover the liabilities of these potential claims.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

10. MATERIAL CONTRACTS

Save as disclosed below, the Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Group within the two years immediately preceding the commencement of the Offer Period and up to and including the Latest Practicable Date:

- (a) an instrument of transfer in Chinese dated 7 June 2016 and entered into between Mr. Cheung and Fung Sang Investment Limited for the transfer of 7,000 ordinary shares in Kam Fung Engineering Limited from Mr. Cheung to Fung Sang Investment Limited and in consideration for which 7 ordinary shares in Pioneer Investment Limited were allotted and issued to Mr. Cheung;
- (b) bought and sold notes in Chinese dated 7 June 2016 executed by Mr. Cheung and Fung Sang Investment Limited for the transfer of 7,000 ordinary shares in Kam Fung Engineering Limited as referred to in paragraph (a) above;
- (c) an instrument of transfer in Chinese dated 7 June 2016 and entered into between Mr. Chan and Fung Sang Investment Limited for the transfer of 3,000 ordinary shares in Kam Fung Engineering Limited from Mr. Chan to Fung Sang Investment Limited and in consideration for which 3 ordinary shares in Pioneer Investment Limited were allotted and issued to Mr. Chan;
- (d) bought and sold notes in Chinese dated 7 June 2016 executed by Mr. Chan and Fung Sang Investment Limited for the transfer of 3,000 ordinary shares in Kam Fung Engineering Limited as referred to in paragraph (c) above;
- (e) an instrument of transfer in Chinese dated 7 June 2016 and entered into between Mr. Cheung and Trade Achiever Investments Limited for the transfer of 70 ordinary shares in Sang Fu Engineering Limited from Mr. Cheung to Trade Achiever Investments Limited and in consideration for which 7 ordinary shares in Pioneer Investment Limited were allotted and issued to Mr. Cheung;
- (f) bought and sold notes in Chinese dated 7 June 2016 executed by Mr. Cheung and Trade Achiever Investments Limited for the transfer of 70 ordinary shares in Sang Fu Engineering Limited as referred to in paragraph (e) above;
- (g) an instrument of transfer in Chinese dated 7 June 2016 and entered into between Mr. Chan and Trade Achiever Investments Limited for the transfer of 30 ordinary shares in Sang Fu Engineering Limited from Mr. Chan to Trade Achiever Investments Limited and in consideration for which 3 ordinary shares in Pioneer Investment Limited were allotted and issued to Mr. Chan;
- (h) bought and sold notes in Chinese dated 7 June 2016 executed by Mr. Chan and Trade Achiever Investments Limited for the transfer of 30 ordinary shares in Sang Fu Engineering Limited as referred to in paragraph (g) above;

- (i) an instrument of transfer in Chinese dated 7 June 2016 and entered into between Mr. Cheung and Chong Fung Investment Limited for the transfer of 70 ordinary shares in Global Sunny Engineering Limited from Mr. Cheung to Chong Fung Investment Limited and in consideration for which 7 ordinary shares in Pioneer Investment Limited were allotted and issued to Mr. Cheung;
- (j) bought and sold notes in Chinese dated 7 June 2016 executed by Mr. Cheung and Chong Fung Investment Limited for the transfer of 70 ordinary shares in Global Sunny Engineering Limited as referred to in paragraph (i) above;
- (k) an instrument of transfer in Chinese dated 7 June 2016 and entered into between Mr. Chan and Chong Fung Investment Limited for the transfer of 30 ordinary shares in Global Sunny Engineering Limited from Mr. Chan to Chong Fung Investment Limited and in consideration for which 3 ordinary shares in Pioneer Investment Limited were allotted and issued to Mr. Chan;
- (l) bought and sold notes in Chinese dated 7 June 2016 executed by Mr. Chan and Chong Fung Investment Limited for the transfer of 30 ordinary shares in Global Sunny Engineering Limited as referred to in paragraph (k) above;
- (m) an instrument of transfer in Chinese dated 7 June 2016 and entered into between Mr. Cheung and Richway Investment Limited for the transfer of 70 ordinary shares in Richway Mechanical Engineering Co., Limited from Mr. Cheung to Richway Investment Limited and in consideration for which 7 ordinary shares in Pioneer Investment Limited were allotted and issued to Mr. Cheung;
- (n) bought and sold notes in Chinese dated 7 June 2016 executed by Mr. Cheung and Richway Investment Limited for the transfer of 70 ordinary shares in Richway Mechanical Engineering Co., Limited as referred to in paragraph (m) above;
- (o) an instrument of transfer in Chinese dated 7 June 2016 and entered into between Mr. Chan and Richway Investment Limited for the transfer of 30 ordinary shares in Richway Mechanical Engineering Co., Limited from Mr. Chan to Richway Investment Limited and in consideration for which 3 ordinary shares in Pioneer Investment Limited were allotted and issued to Mr. Chan;
- (p) bought and sold notes in Chinese dated 7 June 2016 executed by Mr. Chan and Richway Investment Limited for the transfer of 30 ordinary shares in Richway Mechanical Engineering Co., Limited as referred to in paragraph (o) above;
- (q) a sale and purchase agreement dated 27 September 2016 entered into between Pioneer Investment Limited as vendor, the Company as purchaser and Mr. Cheung and Mr. Chan as the warrantors, pursuant to which the Company acquired 1 ordinary share in Chong Kin Group Limited from Pioneer Investment Limited, and as consideration for which the 1 Share of the Company was paid together with further 9,999 Shares of the Company were allotted and issued to Pioneer Investment Limited;

- (r) an instrument of transfer dated 27 September 2016 and entered into between Pioneer Investment Limited and the Company for the transfer of 1 ordinary share in Chong Kin Group Limited from Pioneer Investment Limited to the Company as referred to in paragraph (q) above;
- (s) a deed of indemnity dated 27 September 2016 and signed by the Vendor, Mr. Cheung and Mr. Chan in favour of the Company (on its own behalf and as trustee for each member of the Group) in relation to the provisions of certain indemnities;
- (t) a deed of non-competition in Chinese entered into on 27 September 2016 and signed by the Vendor, Mr. Cheung and Mr. Chan in favour of our Company (for itself and as trustee for and on behalf of its subsidiaries), in respect of certain non-competition undertakings;
- (u) a public offer underwriting agreement dated 29 September 2016 entered into by the Company, Mr. Cheung, Mr. Cheung Man Tim and Mr. Fung Chi Chung as executive Director, Mr. Cheung and Mr. Chan as warranting shareholders, the Vendor, TC Capital International Limited as the sponsor, Luk Fook Securities (HK) Limited and Sorrento Securities Limited as the joint bookrunners and joint lead managers for themselves and for the public offer underwriters, pursuant to which the Company and the Vendor agreed to conditionally offer to the public in Hong Kong 19,120,000 new Shares for subscription and/or purchase at a price which was expected to be not more than HK\$0.70 and not less than HK\$0.66 per new Shares (the “Public Offer”), and Luk Fook Securities (HK) Limited and Sorrento Securities Limited were to receive an underwriting commission of 2.5% of the aggregate offer price payable for the new Shares initially offered under the Public Offer as consideration for acting as the public offer underwriters; and
- (v) a placing underwriting agreement dated 6 October 2016 entered into by the Company, Mr. Cheung, Mr. Cheung Man Tim and Mr. Fung Chi Chung as executive Director, Mr. Cheung and Mr. Chan as warranting shareholders, the Vendor, TC Capital International Limited as the sponsor, Luk Fook Securities (HK) Limited and Sorrento Securities Limited as the joint bookrunners and joint lead managers for themselves and for the placing underwriters, pursuant to which the Company agreed to conditionally place 172,080,000 Shares for subscription and/or purchase at the price of HK\$0.70 per Share (the “Placing”), and Luk Fook Securities (HK) Limited and Sorrento Securities Limited were to receive an underwriting commission of 2.5% of the aggregate offer price payable for the Shares under the Placing as consideration for acting as the placing underwriters.

11. CONSENT AND QUALIFICATION

The following is name and qualification of the professional adviser whose letter, opinion or advice is contained or referred to in this Composite Document:

Name	Qualification
Goldin Financial Limited	a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activities

Goldin has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

As at the Latest Practicable Date, Goldin had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

12. MISCELLANEOUS

- (a) the registered office in the Cayman Islands of the Company is situated at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands;
- (b) the Company's principal place of business in Hong Kong is situated at Office B, 31st Floor, Billion Plaza II, 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong;
- (c) the Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited which is situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong;
- (d) the registered office of Goldin is situated at 22nd Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong; and
- (e) In the event of inconsistency, the English texts of this Composite Document and the accompanying Acceptance Form shall prevail over their respective Chinese texts.

13. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the website of the SFC (<http://www.sfc.hk>) and the Company's website (<https://www.chongkin.com.hk>) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the amended and restated memorandum and articles of association of the Company;

- (b) the annual report of the Company for the financial year ended 31 March 2017;
- (c) the interim report of the Company for the six months ended 30 September 2017;
- (d) the letter from the Board, the text of which is set out on pages 20 to 24 of this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this Composite Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 27 to 41 of this Composite Document;
- (g) the letter of consent referred to under the section headed “Consent and Qualification” in this Appendix IV; and
- (h) the material contracts referred to under the paragraph headed “Material Contracts” in this Appendix IV.