



*(incorporated in the Cayman Islands with limited liability)*

(Stock code: 8141)

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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*This announcement, for which the directors (the “Directors”) of KPa-BM Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **FINANCIAL HIGHLIGHTS**

### **For the three months ended 30 September 2016**

#### *Comparing to the corresponding three months ended 30 September 2015*

- The Group's revenue amounted to approximately HK\$89.5 million for the three months ended 30 September 2016, representing an increase of approximately HK\$19.0 million or 27.0% as compared with the three months ended 30 September 2015.
- The profit attributable to the owners of the Company was approximately HK\$9.7 million for the three months ended 30 September 2016, representing an increase of approximately HK\$9.3 million or 2,325.0% as compared with the three months ended 30 September 2015 was mainly due to the one-off listing expenses of approximately HK\$4.2 million incurred for the three months ended 30 September 2015.
- Earnings per share for the three months ended 30 September 2016 increased by approximately 1,700% to HK cents 1.62 (three months ended 30 September 2015: HK cents 0.09).

### **For the six months ended 30 September 2016**

#### *Comparing to the corresponding six months ended 30 September 2015*

- The Group's revenue amounted to approximately HK\$192.5 million for the six months ended 30 September 2016, representing an increase of approximately HK\$50.0 million or 35.1% as compared with the six months ended 30 September 2015.
- The profit attributable to the owners of the Company was approximately HK\$15.8 million for the six months ended 30 September 2016, representing an increase of approximately HK\$11.1 million or 236.2% as compared with the six months ended 30 September 2015 which was resulted from our business expansion.
- Earnings per share for the six months ended 30 September 2016 increased by approximately 156.3% to HK cents 2.64 (six months ended 30 September 2015: HK cents 1.03).

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2016

	Notes	Three months ended		Six months ended	
		30 September		30 September	
		2016	2015	2016	2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	4	<b>89,493</b>	70,516	<b>192,547</b>	142,509
Cost of revenue		<u>(71,111)</u>	<u>(57,390)</u>	<u>(160,785)</u>	<u>(114,565)</u>
<b>Gross profit</b>		<b>18,382</b>	13,126	<b>31,762</b>	27,944
Other income and gains		<b>198</b>	117	<b>201</b>	145
Marketing and distribution expenses		<b>(195)</b>	(302)	<b>(414)</b>	(545)
Administrative and other operating expenses		<b>(6,358)</b>	(10,733)	<b>(11,860)</b>	(19,162)
Finance costs		<u><b>(393)</b></u>	<u>(150)</u>	<u><b>(684)</b></u>	<u>(450)</u>
<b>Profit before income tax</b>	5	<b>11,634</b>	2,058	<b>19,005</b>	7,932
Income tax expense	6	<u><b>(1,937)</b></u>	<u>(1,358)</u>	<u><b>(3,172)</b></u>	<u>(2,579)</u>
<b>Profit for the period</b>		<b>9,697</b>	700	<b>15,833</b>	5,353
<b>Other comprehensive income for the period</b>		<u><b>(8)</b></u>	<u>43</u>	<u><b>(61)</b></u>	<u>(34)</u>
<b>Total comprehensive income for the period</b>		<u><b>9,689</b></u>	<u>743</u>	<u><b>15,772</b></u>	<u>5,319</u>
<b>Profit for the period attributable to:</b>					
Owners of the Company		<b>9,697</b>	389	<b>15,833</b>	4,653
Non-controlling interests		<u>—</u>	<u>311</u>	<u>—</u>	<u>700</u>
		<u><b>9,697</b></u>	<u>700</u>	<u><b>15,833</b></u>	<u>5,353</u>

	<i>Notes</i>	Three months ended 30 September		Six months ended 30 September	
		2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>	2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company		<b>9,689</b>	415	<b>15,772</b>	4,633
Non-controlling interests		<u>—</u>	<u>328</u>	<u>—</u>	<u>686</u>
		<b><u>9,689</u></b>	<b><u>743</u></b>	<b><u>15,772</u></b>	<b><u>5,319</u></b>
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>					
Basic and diluted earnings per share	8	<b><u>1.62</u></b>	<b><u>0.09</u></b>	<b><u>2.64</u></b>	<b><u>1.03</u></b>

## Condensed Consolidated Statement of Financial Position

As at 30 September 2016

	<i>Notes</i>	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		9,820	7,295
Prepayments for property, plant and equipment		—	2,236
Pledged deposits	11	<u>3,900</u>	<u>3,900</u>
		<u>13,720</u>	<u>13,431</u>
<b>Current assets</b>			
Inventories		3,715	2,839
Amounts due from customers of contract works	9	28,755	37,070
Trade and other receivables, deposits and prepayments	10	129,404	124,133
Tax recoverable		—	344
Pledged bank deposits		16,211	13,201
Cash and bank balances		<u>30,666</u>	<u>47,439</u>
		<u>208,751</u>	<u>225,026</u>
<b>Current liabilities</b>			
Amounts due to customers of contract works	9	16,685	10,177
Trade and other payables	12	48,315	71,637
Tax payable		6,049	4,773
Bank borrowings	13	26,712	33,860
Obligation under finance leases		<u>146</u>	<u>144</u>
		<u>97,907</u>	<u>120,591</u>
<b>Net current assets</b>		<u>110,844</u>	<u>104,435</u>
<b>Total assets less current liabilities</b>		<u>124,564</u>	<u>117,866</u>
<b>Non-current liabilities</b>			
Obligation under finance leases		<u>491</u>	<u>565</u>
<b>Net assets</b>		<u>124,073</u>	<u>117,301</u>
<b>CAPITAL AND RESERVES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	6,000	6,000
Reserves		<u>118,073</u>	<u>111,301</u>
<b>Total equity</b>		<u>124,073</u>	<u>117,301</u>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Equity attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium*	Merger reserve*	Exchange reserve*	Retained profits*	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Six months ended 30 September 2015</b>								
<b>(unaudited)</b>								
At 1 April 2015	3,151	—	(850)	—	57,594	59,895	6,850	66,745
Profit for the period	—	—	—	—	4,653	4,653	700	5,353
Other comprehensive income for the period	—	—	—	(20)	—	(20)	(14)	(34)
Total comprehensive income for the period	—	—	—	(20)	4,653	4,633	686	5,319
Transactions with owners:								
Dividends declared (note 7)	—	—	—	—	(12,600)	(12,600)	—	(12,600)
Dividends attributable to non-controlling interests (note 7)	—	—	—	—	—	—	(2,400)	(2,400)
Reorganisation	(3,151)	—	8,287	—	—	5,136	(5,136)	—
	(3,151)	—	8,287	—	(12,600)	(7,464)	(7,536)	(15,000)
At 30 September 2015 (unaudited)	—	—	7,437	(20)	49,647	57,064	—	57,064
<b>Six months ended 30 September 2016</b>								
<b>(unaudited)</b>								
At 1 April 2016	6,000	33,942	7,437	(28)	69,950	117,301	—	117,301
Profit for the period	—	—	—	—	15,833	15,833	—	15,833
Other comprehensive income for the period	—	—	—	(61)	—	(61)	—	(61)
Total comprehensive income for the period	—	—	—	(61)	15,833	15,772	—	15,772
Transactions with owners:								
Dividends declared (note 7)	—	—	—	—	(9,000)	(9,000)	—	(9,000)
At 30 September 2016 (unaudited)	6,000	33,942	7,437	(89)	76,783	124,073	—	124,073

\* The total of these equity accounts as at 30 September 2015 and 2016 represent “Reserves” in the condensed consolidated statements of financial position.

**Condensed Consolidated Statement of Cash Flows***For the six months ended 30 September 2016*

	<b>Six months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Net cash generated from/(used in) operating activities</b>	<b>3,243</b>	<b>(1,754)</b>
<b>Net cash (used in)/from investing activities</b>	<b>(3,790)</b>	<b>764</b>
<b>Net cash (used in)/from financing activities</b>	<b>(18,993)</b>	<b>18,785</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(19,540)</b>	<b>17,795</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>32,439</b>	<b>777</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(6)</b>	<b>—</b>
<b>Cash and cash equivalents at the end of period</b>	<b><u>12,893</u></b>	<b><u>18,572</u></b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balance as stated in consolidated statement of financial position	<b>30,666</b>	<b>23,711</b>
Less: Short-term time deposits with maturity period beyond three months but within one year	<b>(15,000)</b>	<b>—</b>
	<b>15,666</b>	<b>23,711</b>
Less: Bank overdrafts	<b>(2,773)</b>	<b>(5,139)</b>
	<b><u>12,893</u></b>	<b><u>18,572</u></b>

## **Notes to the Financial Statements**

### **1. CORPORATE INFORMATION**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2015. The shares of the Company were listed on GEM of The Stock Exchange on 8 October 2015 (the “Listing”). The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at 1907–1915, The Octagon, 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in (i) the provision of structural engineering works for the public and private sectors in Hong Kong; and (ii) trading of building material products predominately in Hong Kong.

The Company’s parent is Success Wing Investments Limited (“Success Wing”), a company incorporated in the British Virgin Islands. In the opinion of the directors, Success Wing is also the ultimate parent of the Company.

The condensed consolidated financial statements of the Group for the six months ended 30 September 2016 (the “interim financial statements”) are unaudited, but have been reviewed by the Audit Committee of the Company. These interim financial statements were approved for issue by the board of directors on 9 November 2016.

### **2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM Listing Rules. They have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair value. These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company and its major subsidiaries.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial statements for the year ended 31 March 2016 (“2016 Financial Statements”) which have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the 2016 Financial Statements except for the adoption of new accounting policies as a result of applying the new or revised HKFRSs as set out below.

## Adoption of new or revised HKFRSs

### 2.1 Adoption of new or revised HKFRSs effective on 1 April 2016

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period and relevant to the Group:

HKFRS (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The application of the above new or revised HKFRSs has no material effect on the Group's results and financial position.

### 2.2 New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 7	Disclosure Initiative <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Lease <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

The directors of the Company are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application.

Accounting estimates and assumptions are used in the preparation of financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions. In preparing these interim financial statements, the significant judgments 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 2016 Financial Statements.

## 3. SEGMENT INFORMATION

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Structural engineering works — This segment mainly engages in the provision of structural engineering works for public and private sectors in Hong Kong and the Group mainly acts as a subcontractor.

Trading of building material products — This segment engages in the sales and supply of building material products in Hong Kong, the People's Republic of China ("PRC") (other than Hong Kong) and overseas.

Information regarding the Group's reporting segments including the reportable segment revenue, segment profit, reconciliation to revenue and profit before income tax are as follows:

<b>Three months ended 30 September 2016 (unaudited)</b>	<b>Structural engineering works HK\$'000</b>	<b>Trading of building material products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue</b>			
Sales to external customers	<u>86,676</u>	<u>2,817</u>	<u>89,493</u>
<b>Segment profit</b>	<u>17,134</u>	<u>1,248</u>	<b>18,382</b>
Corporate and unallocated income			<b>198</b>
Corporate and unallocated expenses			
— Marketing and distribution expenses			<b>(195)</b>
— Administrative and other operating expenses			<b>(6,358)</b>
— Finance costs			<u><b>(393)</b></u>
Profit before income tax			<u><u><b>11,634</b></u></u>
<b>Three months ended 30 September 2015 (unaudited)</b>	<b>Structural engineering works HK\$'000</b>	<b>Trading of building material products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue</b>			
Sales to external customers	<u>69,106</u>	<u>1,410</u>	<u>70,516</u>
<b>Segment profit</b>	<u>12,477</u>	<u>740</u>	<b>13,217</b>
Corporate and unallocated income			<b>26</b>
Corporate and unallocated expenses			
— Marketing and distribution expenses			<b>(302)</b>
— Administrative and other operating expenses			<b>(10,733)</b>
— Finance costs			<u><b>(150)</b></u>
Profit before income tax			<u><u><b>2,058</b></u></u>

<b>Six months ended 30 September 2016 (unaudited)</b>	<b>Structural engineering works HK\$'000</b>	<b>Trading of building material products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue</b>			
Sales to external customers	<u>188,538</u>	<u>4,009</u>	<u>192,547</u>
<b>Segment profit</b>	<u>29,784</u>	<u>1,978</u>	31,762
Corporate and unallocated income			201
Corporate and unallocated expenses			
— Marketing and distribution expenses			(414)
— Administrative and other operating expenses			(11,860)
— Finance costs			<u>(684)</u>
Profit before income tax			<u>19,005</u>
<b>Six months ended 30 September 2015 (unaudited)</b>	<b>Structural engineering works HK\$'000</b>	<b>Trading of building material products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue</b>			
Sales to external customers	<u>139,285</u>	<u>3,224</u>	<u>142,509</u>
<b>Segment profit</b>	<u>26,589</u>	<u>1,446</u>	28,035
Corporate and unallocated income			54
Corporate and unallocated expenses			
— Marketing and distribution expenses			(545)
— Administrative and other operating expenses			(19,162)
— Finance costs			<u>(450)</u>
Profit before income tax			<u>7,932</u>

Certain comparative figures in the segment information for the three months and six months ended 30 September 2015 have been reclassified. Previously, certain marketing and distribution expenses, administrative and other operating expenses and finance costs were included in corporate and unallocated expenses for segment reporting purposes. For the three months and six months ended 30 September 2016, those marketing and distribution expenses, administrative and other operating expenses and finance costs are reclassified and presented separately in the reconciliation of reportable segment results to profit before income tax for better presentation.

During the period, the segment asset had not been presented as there has not been a material change from the 2016 Financial Statements for the reportable segment.

#### 4. REVENUE

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from rendering structural engineering works	86,676	69,106	188,538	139,285
Revenue from trading of building material products	<u>2,817</u>	<u>1,410</u>	<u>4,009</u>	<u>3,224</u>
	<u><b>89,493</b></u>	<u>70,516</u>	<u><b>192,547</b></u>	<u>142,509</u>

#### 5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation in respect of:				
— Owned assets	223	112	411	223
— Leased assets	<u>40</u>	<u>84</u>	<u>80</u>	<u>168</u>
	<u>263</u>	<u>196</u>	<u>491</u>	<u>391</u>
Employee benefit expenses (including directors' emoluments)				
— Salaries, allowances and benefits in kind	7,754	7,604	15,307	11,590
— Contribution to defined contribution retirement plan	<u>275</u>	<u>269</u>	<u>575</u>	<u>510</u>
	<u>8,029</u>	<u>7,873</u>	<u>15,882</u>	<u>12,100</u>
Listing expenses	<u>—</u>	<u>4,200</u>	<u>—</u>	<u>8,176</u>

## 6. INCOME TAX EXPENSE

The amounts of income tax expense in the unaudited consolidated statements of comprehensive income represent:

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax for the period				
— Hong Kong Profits Tax	1,903	1,358	3,116	2,579
— Other regions of the PRC				
— Enterprise Income Tax (“EIT”)	34	—	56	—
Total income tax expenses	<u>1,937</u>	<u>1,358</u>	<u>3,172</u>	<u>2,579</u>

Hong Kong profits tax is calculated at 16.5% (2015: 16.5%) on the estimated assessable profits for the period.

EIT arising from other regions of the PRC is calculated at 25% (2015: Nil) on the estimated assessable profits for the period.

At 30 September 2016, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Company’s subsidiary established in the PRC. In the opinion of the directors, it is not probable that the subsidiary will distribute such earnings in the foreseeable future.

## 7. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2016 (30 September 2015: nil).

The final dividend in respect of the year ended 31 March 2016 amounting to HK\$9,000,000 was paid in September 2016 (2015: nil).

## 8. EARNINGS PER SHARE

The calculation on basic earnings per share is based on the following data:

	Three months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Earnings</b>				
Profit for the period attributable to owners of the Company	<u>9,697</u>	<u>389</u>	<u>15,833</u>	<u>4,653</u>

Three months ended		Six months ended	
30 September		30 September	
2016	2015	2016	2015

Number of shares (thousands)

### Number of shares

Weighted average number of ordinary shares  
in issue during the period

<u>600,000</u>	<u>450,000</u>	<u>600,000</u>	<u>450,000</u>
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The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the three and six months ended 30 September 2015 of 450,000,000 represents the number of shares of the Company in issue immediately after the completion of the capitalisation issue, as if these shares had been issued throughout the period.

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the three and six months ended 30 September 2016 of 600,000,000 includes the number of shares issued pursuant to the placing of 150,000,000, in addition to the aforementioned 450,000,000 shares in issue immediately after the capitalisation issue.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the current period and prior period.

## 9. AMOUNTS DUE FROM/TO CUSTOMERS OF CONTRACT WORKS

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Costs incurred to date plus recognised profits	529,609	613,368
Less: Progress billings to date	<u>(517,539)</u>	<u>(586,475)</u>
	<u>12,070</u>	<u>26,893</u>
Amounts due from customers of contract works	28,755	37,070
Amounts due to customers of contract works	<u>(16,685)</u>	<u>(10,177)</u>
	<u>12,070</u>	<u>26,893</u>

All amounts due from/to customers of contract works are expected to be recovered/settled within one year.

## 10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
<b>Trade receivables</b>		
Trade receivables	81,587	84,140
Less: Provision for impairment	<u>(575)</u>	<u>(575)</u>
Trade receivables, net ( <i>note (a)</i> )	<u>81,012</u>	<u>83,565</u>
<b>Other receivables, deposits and prepayments</b>		
Retention receivables	45,328	39,600
Less: Provision for impairment	<u>(269)</u>	<u>(269)</u>
Retention receivables, net ( <i>note (b)</i> )	45,059	39,331
Other receivables	696	69
Deposits	1,320	604
Prepayments	<u>1,317</u>	<u>564</u>
	<u>48,392</u>	<u>40,568</u>
	<u>129,404</u>	<u>124,133</u>

*Notes:*

- (a) The ageing analysis of trade receivables (net), based on invoice date, as of the end of reporting period is as follow:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
0–30 days	45,837	48,284
31–60 days	20,049	26,288
61–90 days	4,235	2,459
Over 90 days	<u>10,891</u>	<u>6,534</u>
	<u>81,012</u>	<u>83,565</u>

(b) Retention receivables

As at 30 September 2016, based on due date of retention receivables, the Group's retention receivables of approximately HK\$40,703,000 (31 March 2016: HK\$34,174,000) were not yet past due and the remaining balance of approximately HK\$4,356,000 (31 March 2016: HK\$5,157,000) were past due. Based on the assessment of the directors, no impairment allowance is necessary for the net retention receivables outstanding at the end of the of the reporting periods as those balances are from customers with long business relationship and there has not been a significant change in their credit quality.

(c) Credit policy

In respect of the Group's structural engineering business, the Group usually submits a payment application for interim payment on a monthly basis. The customer usually issues an interim payment certificate within one month from application submission and payment will be settled within another one month. For trading of building material products, the Group usually requires customers to pay a deposit in a mutually agreed % of the order amount and grants a credit period of 30 days upon delivery of products to customers.

## 11. PLEDGED DEPOSITS

As at 30 September 2016, the Group had pledged deposit of HK\$3,900,000 (31 March 2016: HK\$3,900,000), which represented deposits placed by the Group with an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values as at 30 September 2016 of HK\$11,446,000 (31 March 2016: HK\$11,446,000). The surety bonds are required for the entire period of the relevant construction contracts. As at 30 September 2016 and 31 March 2016, the respective construction contracts are expected to be completed in year 2018 and 2018 respectively.

The Group have unconditionally and irrevocably agreed to indemnify the insurance company for claims and losses the insurance company may incur in respect of the bonds.

## 12. TRADE AND OTHER PAYABLES

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Trade payables	33,213	53,576
Bills payable	<u>—</u>	<u>794</u>
Trade and bills payables ( <i>note (a)</i> )	33,213	54,370
Retention payables ( <i>note (b)</i> )	9,653	9,220
Receipts in advance	2,266	488
Other payables, accruals and deposits	<u>3,183</u>	<u>7,559</u>
	<u><b>48,315</b></u>	<u><b>71,637</b></u>

### Notes:

- (a) The ageing analysis of trade and bills payables, based on invoice date, as of the end of reporting period is as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
0–30 days	20,216	34,116
31–60 days	6,842	13,248
61–90 days	1,110	4,580
Over 90 days	<u>5,045</u>	<u>2,426</u>
	<u><b>33,213</b></u>	<u><b>54,370</b></u>

- (b) As at 30 September 2016, retention payables of HK\$8,460,000 (31 March 2016: HK\$7,969,000) was aged one year or below and the remaining balance of approximately HK\$1,193,000 (31 March 2016: HK\$1,251,000) was aged over one year.

### 13. BANK BORROWINGS

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
<b>Current liabilities</b>		
<i>Secured and interest-bearing bank borrowings</i>		
— Bank overdrafts ( <i>note (a)</i> )	<u>2,773</u>	<u>—</u>
Bank loans subject to repayment on demand clause ( <i>note (a)</i> )		
— Bank loans due for repayment within one year	21,103	30,819
— Bank loans due for repayment after one year ( <i>note (b)</i> )	<u>2,836</u>	<u>3,041</u>
	<u>23,939</u>	<u>33,860</u>
	<u>26,712</u>	<u>33,860</u>

*Notes:*

- (a) Bank borrowings, including trade financing, are interest bearing at the banks' prime rates or cost of funds or Hong Kong Inter-Bank Offered Rate adjusted by certain basis points per annum. The interest rates of the Group's bank borrowings as at 30 September 2016 granted under banking facilities ranged from 2.97% to 6.25% (31 March 2016: 3.00% to 5.75% per annum).
- (b) The current liabilities as at 30 September 2016 include bank loans of HK\$2,836,000 (31 March 2016: HK\$3,041,000) that are not scheduled to repay within one year after the end of the reporting periods. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at their own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.
- (c) The Group's bank borrowings and banking facilities are secured by the followings:
- land and buildings with net carrying amount of HK\$7,159,000 as at 30 September 2016 (31 March 2016: HK\$5,023,000); and
  - bank deposits of HK\$16,211,000 as at 30 September 2016 (31 March 2016: HK\$13,201,000).

#### 14. SHARE CAPITAL

Ordinary shares	Par value HK\$	Number of shares	Amount HK\$'000
<b>Authorised:</b>			
At 30 September 2016 and 31 March 2016	0.01	<u>2,000,000,000</u>	<u>20,000</u>
<b>Issued and fully paid:</b>			
At 30 September 2016 and 31 March 2016	0.01	<u>600,000,000</u>	<u>6,000</u>

#### 15. GUARANTEE

The Group provided guarantee in respect of the surety bonds issued in favour of the customers of certain construction contracts. Details of these guarantees as at the end of the reporting period are as follows:

	As at 30 September 2016 (Unaudited) HK\$'000	As at 31 March 2016 (Audited) HK\$'000
Aggregate value of the surety bonds issued in favour of customers ( <i>note 11</i> )	<u>11,446</u>	<u>11,446</u>

As assessed by the directors, it is not probable that the insurance company would claim the Group for losses in respect of the guarantee contracts as it is unlikely that the Group is unable to fulfill the performance requirements of the relevant contracts. Accordingly, no provision for the Group's obligations under the guarantees has been made.

#### 16. LITIGATIONS

A number of lawsuits and claims arising from the normal course of business were lodged against the Group which remain outstanding as of the end of reporting period. Claim amounts are not specified in some of the applications of these lawsuits and claims. In the opinion of the directors, sufficient insurance coverage are maintained to cover the losses, if any, arising from most of these lawsuits and claims and therefore the ultimate liability under these lawsuits and claims would not have a material adverse impact on the financial position of the Group.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Background, Recent Development and Outlook**

The Group is principally engaged in (i) the provision of structural engineering works for the public and private sectors in Hong Kong; and (ii) trading of building material products predominately in Hong Kong.

The launch of public construction projects had been hindered by the prolonged debates in the last Legislative Council tenure, which in turn led to intensified competition in project tendering and pressure on prices. The Group has therefore focused on cultivating potential new business relationship and bidding for private sector projects in the current financial year. With the Group's reputation in the market and our experienced management team, we remain confident in securing a number of relatively sizeable projects in the private sectors, the tender result of which are expected to be released in the coming month, to compensate for the slowdown in the public sector.

### **Financial Review**

#### ***Revenue***

The Group's revenue grew by approximately 35.1% from approximately HK\$142.5 million for the six months ended 30 September 2015 (the "Previous Period") to approximately HK\$192.5 million for the six months ended 30 September 2016 (the "Period"), which was driven by the increase in revenue from structural engineering work projects in both public and private sectors undertaken during the Period. Key revenue contributing projects in public sector included recreational facilities and government departmental facilities, while key private sector projects mainly comprised commercial properties.

#### ***Cost of Revenue and Gross Profit***

The Group's cost of revenue mainly comprised material and processing charges and subcontracting charges; the increase in cost of revenue for the Period was generally in-line with the rise in revenue. During the Period, the progress of certain projects is beyond the expected completion date and additional costs have been incurred for overtime work to catch up the expected completion date. The Group implemented various control measures to monitor project progress, including periodic review of project budgets against actual performance. From such review, management identified and made downward adjustments on budget profit of certain projects, resulting in a significant drop in gross profit margin for the Period to approximately 16.5%, as compared to approximately 19.6% for the Previous Period. The Group will continue to negotiate with customers on compensation for variation works and/or urgent orders and project budgets may be further revised depending on outcome of negotiation with customers.

### *Administrative and Other Operating Expenses*

The Group's administrative expenses for the Period were approximately HK\$11.9 million, representing a decrease of approximately HK\$7.3 million from the Previous Period due to the one-off listing expenses of approximately HK\$8.2 million incurred in relation to the Listing in Previous Period.

### *Finance Costs*

For the Period, the Group's finance costs were approximately HK\$684,000, representing an increase of approximately HK\$234,000 or 52.0%, which was mainly due to interest expenses on additional bank borrowings drawn during the Period to finance for the Group's business expansion and to improve liquidity.

### *Income Tax Expense*

Income tax expense of the Group amounted to approximately HK\$3,172,000 and HK\$2,579,000 for the Period and Previous Period respectively. Such increase was in line with the rise in net profit during the Period compared to the Previous Period.

### *Profit for the Period*

Despite of the drop in gross profit, the decrease in expenses in the Period and the profit derived from the HK\$49.2 million increase in structural engineering works revenue together led to an increase in profit attributable to owners to approximately HK\$15.8 million for the Period, representing an increase of approximately HK\$11.1 million or 236.2%.

### *Liquidity, Financial Resources and Capital Structure*

	<b>As at 30 September 2016 (Unaudited) HK\$'000</b>	<b>As at 31 March 2016 (Audited) HK\$'000</b>
Current assets	<b>208,751</b>	225,026
Current liabilities	<b>97,907</b>	120,591
Current ratio	<b><u>2.13</u></b>	<b><u>1.87</u></b>

During the six months ended 30 September 2016, the Group financed its operations by its internal resources and bank facilities. As at 30 September 2016, the Group had net current assets of approximately HK\$110.8 million (31 March 2016: HK\$104.4 million), including cash and bank balance of approximately HK\$30.7 million (31 March 2016: HK\$47.4 million). The Group's current ratio as at 30 September 2016 was 2.13 times (31 March 2016: 1.87 times).

As at 30 September 2016, the Group had a total available banking and other facilities of approximately HK\$74.8 million, of which approximately HK\$27.4 million was utilised and approximately HK\$47.4 million was unutilised and available for use.

Please refer to note 14 to the financial statements for more detailed information, including maturity profile, on the Group's loans and borrowings.

There has been no change in capital structure of the Company since the Listing. As at 30 September 2016, the equity attributable to owners of the Company amounted to approximately HK\$124.1 million (31 March 2016: approximately HK\$117.3 million).

### ***Gearing Ratio***

The gearing ratio is calculated as total debt to equity. Total debts include bank borrowings and obligation under finance leases. Equity represents total equity of the Group.

The gearing ratio of the Group as at 30 September 2016 was approximately 22.0% (31 March 2016: 29.5%), the decrease was mainly due to increase the net profit of Group during the Period.

## **FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY**

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, United States Dollars, Pound Sterling, Euro and Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group and will closely monitor its foreign exchange position. During the Period, the Group did not engage in any hedging activities.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **PLEDGE OF ASSETS**

As at 30 September 2016, the Group had bank borrowings of HK\$26,712,000 (as at 31 March 2016: HK\$33,860,000) and banking facilities are secured by the followings:

- land and buildings with net carrying amount of HK\$7,159,000 as at 30 September 2016 (31 March 2016: HK\$5,023,000);
- bank deposits of HK\$16,211,000 as at 30 September 2016 (31 March 2016: HK\$13,201,000);

As at 30 September 2016, the Group had pledged deposit of HK\$3,900,000 (31 March 2016: HK\$3,900,000), which represented deposits placed by the Group with an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values as at 30 September 2016 of HK\$11,446,000 (31 March 2016: HK\$11,446,000). The surety bonds are required for the entire period of the relevant construction contracts. As at 30 September 2016, the respective construction contracts are expected to be completed in year 2018 (31 March 2016: 2018).

## **SIGNIFICANT INVESTMENTS**

Other than the investment in its subsidiaries, the Group did not hold any significant investments during the Period.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

The Group did not carry out any material acquisition nor disposal of any subsidiary during the Period.

## **CONTINGENT LIABILITIES**

As at 30 September 2016, the Group did not have any significant contingent liabilities.

## **INTERIM DIVIDEND**

The Board did not recommend a payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2016, the Group had 109 staff (31 March 2016: 111). The total employee benefit expenses for the six months ended 30 September 2016 (including Directors' emoluments, salaries to staff and other staff benefits included provident fund contributions, medical insurance coverage and other staff benefits) was approximately HK\$15.9 million. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the six months ended 30 September 2016, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

## USE OF PROCEEDS

The net proceeds from the Listing were approximately HK\$28.9 million, which was different from the estimated net proceeds of approximately HK\$27.0 million as disclosed in the prospectus of the Company dated 30 September 2015 (“Prospectus”). The Group intended to adjust the difference of approximately HK\$1.9 million in the same manner and in the same proportion to the use of proceeds as shown in the Prospectus.

The Directors had evaluated the Group’s business plan and on 9 November 2016 approved to revise the use of the remaining unutilised proceeds in the manner as illustrated below.

	<b>As at 30 September 2016</b>				
	<b>Net proceeds</b>	<b>Utilised</b>	<b>Unutilised</b>	<b>Revised use of proceeds</b>	<b>Revised unutilised proceeds</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
1 Further expanding the Group’s capacity to capture more business opportunities	14.2	8.3	5.9	8.3	—
2 Further development of the Group’s structural engineering business	5.4	—	5.4	—	—
3 Enhancing the Group’s design and customisation capabilities	6.4	1.9	4.5	6.4	4.5
4 General working capital	2.9	2.7	0.2	2.9	0.2
5 Expanding the Group’s capacity to capture more business, developing structural engineering business and acquisition of plant and equipment for operational needs	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>11.3</u>	<u>11.3</u>
	<u>28.9</u>	<u>12.9</u>	<u>16.0</u>	<u>28.9</u>	<u>16.0</u>

The unutilised net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong.

## **Comparison of business objectives with actual business progress**

An analysis comparing the business objectives as set out in the Prospectus for the six months ended 30 September 2016 (“Review Period”) with the Group’s actual business progress for the Review Period is set out below.

### **Business objectives for the Review Period**

### **Actual business Progress for the Review Period**

#### *Further expanding the Group’s capacity to capture more business opportunities*

Recruit up to about 1 to 4 project staff to cope with business development

Recruited a project manager and 2 project staff

#### *Further development of the Group’s structural engineering business*

Undertake more design and build projects should the Group be able to identify and secure suitable business opportunities, with HK\$1.6 million earmarked for satisfying potential customer’s requirement for surety bonds

Following the Group’s listing and enhanced financial strength, the customers of our newly contracted projects did not require from us a surety bond. The Directors had evaluated the Group’s business plan and on 9 November 2016 approved to extend the use of the remaining unutilised proceeds to include acquisition of plant and equipment for operational needs.

#### *Enhancing the Group’s design and customisation capabilities*

Recruit up to about 3 additional designers and draftsmen to strengthen the design and customisation capabilities of the Group

Recruited a design manager and 5 draftsmen and set up a new office premise to accommodate the enlarged work force and associated facilities.

Sponsor the designers and other relevant staff to attend technical seminars and occupational health and safety courses organised by third parties

The Company had arranged training and classes to relevant staff members according to their duty needs and skills.

## **SHARE OPTION SCHEME**

The Share Option Scheme was adopted by the shareholders of the Company and was effective on 22 September 2015. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. As at 30 September 2016, no share option was outstanding under the Share Option Scheme. During the period from 22 September 2015 to 30 September 2016, no share options were granted by the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors (the "Model Code") on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules. Upon specific enquiries being made with all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

## **CORPORATE GOVERNANCE AND COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company adopted the code provisions of Appendix 15 Corporate Governance Code and Corporate Governance Report of the GEM Listing Rules as its own code (the "CG Code") and had complied with the CG Code throughout the Period.

## **INTERESTS OF THE COMPLIANCE ADVISOR**

As notified by the Company's compliance adviser, Messis Capital Limited (the "Compliance Adviser"), except for (i) Messis Capital Limited was the Company's sponsor in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 30 September 2015, which commencing on 8 October 2015, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 30 September 2016 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors and chaired by Ms. Lai Pik Chi, Peggy, who has appropriate professional qualifications and experience as required by the GEM Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period, and was of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

By order of the Board  
**KPa-BM Holdings Limited**  
**Yip Pak Hung**  
*Chairman and Executive Director*

Hong Kong, 9 November 2016

*As at the date of this announcement, the executive Directors are Mr. Yip Pak Hung (chairman of the Board), Mr. Wai Yat Kin and Mr. Lui Bun Yuen, Danny and the independent non-executive Directors are Ms. Lai Pik Chi, Peggy, Mr. Lam Chi Wai, Peter and Dr. Yeung Kit Ming.*