

ZHENG LI HOLDINGS LIMITED

正力控股有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8283

2017

First Quarterly Report



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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Zheng Li Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 report 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 report misleading.

This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its posting. This report will also be published on the website of the Company at www.zhenglholdings.com.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Kelvin LIM
Mr. WANG Jingan
Mr. CHUA Boon Hou (Cai Wenhao)
Mr. LIM Kong Joo

Non-executive Director

Mr. DU Xianjie

Independent non-executive Directors

Ms. POK Mee Yau
Mr. LIU Ji
Mr. LEUNG Yiu Cho

AUDIT COMMITTEE

Mr. LIU Ji (*Chairman*)
Mr. LEUNG Yiu Cho
Ms. POK Mee Yau

REMUNERATION COMMITTEE

Mr. LEUNG Yiu Cho (*Chairman*)
Mr. LIU Ji
Mr. Kelvin LIM

NOMINATION COMMITTEE

Ms. POK Mee Yau (*Chairman*)
Mr. LIU Ji
Mr. Kelvin LIM

RISK MANAGEMENT COMMITTEE

Ms. POK Mee Yau (*Chairman*)
Mr. Kelvin LIM
Mr. LIM Kong Joo
Mr. CHUA Boon Hou (Cai Wenhao)

COMPLIANCE OFFICER

Mr. CHUA Boon Hou (Cai Wenhao)

COMPANY SECRETARY

Mr. WONG Cheung Ki Johnny, FCPA, ACIS, ACS

AUTHORISED REPRESENTATIVES

Mr. CHUA Boon Hou (Cai Wenhao)
Mr. WONG Cheung Ki Johnny, FCPA, ACIS, ACS

AUDITOR

Ernst & Young
Certified Public Accountants:
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

LEGAL ADVISOR

as to Hong Kong Law:
Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F,
Jardine House,
1 Connaught Place,
Central, Hong Kong

COMPLIANCE ADVISOR

Messis Capital Limited
Room 1606, 16/F., Tower 2
Admiralty Centre
18 Harcourt Road
Hong Kong

PRINCIPAL BANKS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Citibank N.A., Singapore Branch
5 Changi Business Park Crescent
Level 5
Singapore 486027

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN SINGAPORE

176 Sin Ming Drive
#01-15 Sin Ming Autocare
Singapore 575721

REGISTERED OFFICE IN THE CAYMAN ISLANDS

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP 622)

9/F, Wah Yuen Building
149 Queen's Road Central
Central, Hong Kong

STOCK CODE

8283

COMPANY'S WEBSITE ADDRESS

www.zhengliholdings.com

FIRST QUARTERLY RESULTS

The Board of Directors of the Company (the "Board") is pleased to report the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the three months ended 31 March 2017 with the unaudited comparative figures for the corresponding period in the year 2016.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2017

		2017	2016
		S\$'000	S\$'000
	Notes	(Unaudited)	(Unaudited)
REVENUE	3	2,977	3,518
Other income and gains		321	168
Items of expense			
Cost of materials		(1,562)	(1,975)
Marketing and advertising expenses		(35)	(19)
Employee benefits expense		(1,035)	(1,062)
Depreciation of property, plant and equipment		(44)	(74)
Amortisation of intangible assets		(38)	(4)
Allowance for doubtful debts		—	(29)
Finance costs		(17)	(17)
Other expenses		(439)	(1,095)
Profit/(loss) before tax		128	(589)
Income tax expense	4	(42)	(23)
Profit/(loss) for the period		86	(612)
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investment:			
Changes in fair value		—	(19)
Income tax effect		—	3
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		—	(16)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		86	(628)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
— Basic and diluted (S\$ cents)	6	0.02	(0.16)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended 31 March 2017

	Share capital S\$'000	Share premium S\$'000	Available- for-sale investment revaluation reserve S\$'000	Merger reserve S\$'000	Retained profits/ (accumulated loses) S\$'000	Total S\$'000
At 1 January 2016 (audited)	—	—	(41)	6,863	266	7,088
Loss for the period	—	—	—	—	(612)	(612)
Other comprehensive income for the period:						
Changes in fair value of an available-for-sale investment, net of tax	—	—	(16)	—	—	(16)
Total comprehensive income for the period	—	—	(16)	—	(612)	(628)
At 31 March 2016 (unaudited)	—	—	(57)	6,863	(346)	6,460
At 1 January 2017 (audited)	900	8,982	17	3,884	546	14,329
Profit for the period	—	—	—	—	86	86
Total comprehensive income for the period	—	—	—	—	86	86
At 31 March 2017 (unaudited)	900	8,982	17	3,884	632	14,415

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 17 March 2016. The registered office of the Company is situated at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong under Part 16 of the Companies Ordinance (Cap 622) is at 9/F, Wah Yuen Building, 149 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the business of:

- 1) maintenance and repair of passenger cars; and
- 2) modification, tuning and grooming of the performance or appearance of passenger cars and trading of spare parts and accessories.

2. Basis of preparation

The financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRSs") which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention, except for an available-for-sale investment, which has been measured at fair value. The financial statements are presented in Singapore dollar ("SGD" or "S\$") and all values are rounded to the nearest thousand ("S\$'000"), except when otherwise indicated.

Basis of consolidation

The condensed consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the three months ended 31 March 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

3. Revenue

Revenue represents services rendered to customers less any discounts and invoiced trading sales of spare parts.

	2017	2016
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Maintenance and repair services	2,532	2,677
Modification, tuning and grooming services and trading of spare parts	445	841
	2,977	3,518

4. Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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

Subsidiaries in Singapore are subject to taxation at a rate of 17% on the estimated profits arising in Singapore.

	2017	2016
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Current income tax		
— Current period	42	23
Tax expense for the period — Singapore	42	23

5. Dividends

The Board did not recommend the payment of any dividend for the three months ended 31 March 2017.

6. Earnings/(loss) per share attributable to ordinary equity holders of the parent

As at 31 March 2017, the Company had 500,000,000 ordinary shares in issue. The Company was listed on the GEM on 8 November 2016 by way of placing of 125,000,000 new shares and capitalisation of 375,000,000 shares resulting in 500,000,000 ordinary shares in issue. The calculation of basic earnings per share is based on the following data:

	2017 S\$'000 (Unaudited)	2016 S\$'000 (Unaudited)
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings/(loss) per share		
Profit/(loss) for the period attributable to owners of the Company	86	(612)

	2017 '000 (Unaudited)	2016 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	500,000	375,000

Basic earnings/(loss) per share for the three months ended 31 March 2017 is S\$0.02 cents (2016: S\$(0.16) cents). The weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share has been retrospectively adjusted, assuming the reorganisation, as more fully explained in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, had been effective on 1 January 2016.

No adjustment has been made to the basic earnings/(loss) per share as the Group had no potentially dilutive ordinary shares in issue during the three months ended 31 March 2017 and 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is a leading automotive service provider in Singapore. We have over 14 years of experience in the passenger car service industry, and offer a comprehensive range of passenger car services including (i) maintenance and repair services; and (ii) modification, tuning and grooming services. We have the capability to maintain and repair a wide range of brands of passenger cars in Singapore and are equipped with diagnostic equipment for carrying out such services. We modify and tune mainly luxury and ultra-luxury passenger cars, providing services ranging from aesthetic modifications including installing bodykits, to performance modifications including lowering the suspension of passenger cars and replacing the engine control unit. We also sell passenger car spare parts and accessories in Singapore and export to other countries, such as Malaysia, Indonesia, United Kingdom, People's Republic of China and Thailand.

Our management is confident of the Group's strong performance in our key market Singapore due to the Group's competitive strengths which include: (i) we are a leading automotive service provider in Singapore with comprehensive service offerings and the capability to repair a wide range of brands of passenger cars; (ii) we collaborate with established car dealers in Singapore and have strong relationships with car tuning parts suppliers; (iii) we focus our modification, tuning and grooming services on luxury and ultra-luxury passenger cars, which has strengthened our brand name; (iv) we focus on providing high quality customer service and stringent quality control; and (v) we have an experienced senior management team who is supported by a team of talented and well-trained technicians.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

The Company's shares ("Shares") were successfully listed on GEM on 8 November 2016 (the "Listing") by way of placing of a total of 125,000,000 shares, at the placing price of HK\$0.40 per share (the "Placing"). The amount of the net proceeds from the Placing received by the Company was approximately HK\$24.6 million.

The Directors believe that the Listing would facilitate the implementation of our business strategies. The Listing would (i) allow the Group a platform to access the capital markets for future secondary fund-raising that would have lower financing costs; (ii) enhance the market reputation and brand awareness of our Group with the public and potential business partners; (iii) enhance our internal control and corporate governance practises, resulting in increased customers' and suppliers' confidence and attract potential customers to us.

In 2017, the market conditions in Singapore will continue to be challenging due to an expected fall in number of registered vehicles. Despite the uncertainty, our management remains cautiously optimistic of the outlook for the group in 2017, due to: (i) our collaborations with established car dealers in Singapore; (ii) because the decrease is expected to be of mild impact to our service offerings; and (iii) the Group have established a loyal customer base of repeat customers.

The Group aims to use the proceeds from the Listing to increase our customer base in the highly fragmented passenger car maintenance and repair market, by enhancing our servicing capacity, market reputation and service quality. Using the additional capital raised from the Placing, the Group will pursue the following key business strategies: (i) continue to strengthen our leading market position in Singapore and expand our servicing capacity and customer base; (ii) continue to increase the brands of car tuning parts that we offer; (iii) further strengthen our brand, operational efficiency and sales and marketing efforts, and improve our customer service quality; and (iv) continue to attract, train and retain skilled employees to support our future growth and expansion.

In the first quarter of 2017, the Group secured additional units of workshops at Sin Ming Autocity, a new 8 storey complex located across our existing Sin Ming Service Centre. The new workshops will include accident repair facilities such as aluminium welding centre, spray painting preparation area, a section for Chromax low emission spray painting activities, low bake oven and wheels alignment system. This is to cater for the Group's expansion of its services to include car bodywork involving panel beating and spray painting which we subcontracted previously. This expansion allows the Group to qualify as an approved reporting centre ("ARC") and authorised repairer ("Authorised Repairer") for insurance companies. An insured who is involved in any car accident, will report the accident to the insurance company's ARC within 24 hours or by the next working day. As an Authorised Repairer, our Group shall render repair services in respect of the insured vehicles. Our Group is in advance discussions with certain insurance companies on the appointment.

Moving forward the Group will focus on maintaining its leading position in the Singapore market, while looking for new opportunities to expand its service and product offerings, as customer demand and trends. Our management will continue to forge stronger bonds with our customers, suppliers and working partners to continue to provide the premier passenger car service in the Singapore passenger car market.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue

Revenue of our Group decreased by approximately S\$0.5 million or approximately 15.4% from approximately S\$3.5 million for the three months ended 31 March 2016 to approximately S\$3.0 million for the three months ended 31 March 2017. This is mainly due to lesser modification and tuning services during the first quarter of 2017.

Employee benefits expense

Our Group's employee benefits expense remained comparable at approximately S\$1.0 million and S\$1.1 million for the three months ended 31 March 2017 and 2016, respectively.

Other expenses

Our Group's other expenses decreased by approximately S\$0.7 million or 60.0% from approximately S\$1.1 million for the three months ended 31 March 2016 to approximately S\$0.4 million for the three months ended 31 March 2017. This is mainly due to non-recurring expenses related to the Listing of approximately S\$0.7 million being recorded for the three months ended 31 March 2016.

Profit/(loss) for the period

Our Group recorded a profit for the three months ended 31 March 2017 of approximately S\$86,000, while a loss of approximately S\$0.6 million was recorded for the three months ended 31 March 2016. This was mainly due to expenses related to the Listing of approximately S\$0.7 million recorded during the three months ended 31 March 2016 as compared with nil during the three months ended 31 March 2017.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2017, the interests and short positions of the Directors and chief executives of the Company or any of their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in the Shares:

Name of Director/ Chief Executive	Capacity/ Nature of Interest	Shares held as at 31 March 2017	
		Number of Underlying Shares	Approximate Percentage (Note)
Mr. Kelvin Lim	Beneficial interest	281,250,000	56.25%

Note: This is based on the total Shares in issue as at 31 March 2017, being 500,000,000.

Save as disclosed above, as at 31 March 2017, none of the Directors, chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise, notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, at no time from the Listing to 31 March 2017 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2017, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions in the Shares:

Name	Capacity/Nature of Interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in our Company as at 31 March 2017 ¹
Mr. Kelvin Lim	Beneficial owner	281,250,000	56.25%
Mdm. Chong Ling Ling ²	Interest of spouse	281,250,000	56.25%
Mr. Zhou Yunchuan	Interest of a controlled corporation, interests held jointly with another person	93,750,000	18.75%
Mdm. Chen Yi ³	Interest of spouse	93,750,000	18.75%
Mdm. Ng Geok Luan	Interest of a controlled corporation, interests held jointly with another person	93,750,000	18.75%
Mr. Goh Seng Moh ⁴	Interest of spouse	93,750,000	18.75%
Valiant World Enterprises Limited ⁵	Beneficial owner	93,750,000	18.75%

Notes:

- (1) This is based on the total Shares in issue as at 31 March 2017, being 500,000,000.
- (2) Mdm. Chong Ling Ling is the spouse of Mr. Kelvin Lim ("Mrs. Lim"). Under the SFO, Mrs. Lim is deemed to be interested in the same number of Shares in which Mr. Kelvin LIM is interested.
- (3) Mdm. Chen Yi is the spouse of Mr. Zhou Yunchuan. Under the SFO, Mdm. Chen Yi is deemed to be interested in the same number of Shares in which Mr. Zhou Yunchuan is interested.
- (4) Mr. Goh Seng Moh is the spouse of Mdm. Ng Geok Luan. Under the SFO, Mr. Goh Seng Moh is deemed to be interested in the same number of Shares in which Mdm. Ng Geok Luan is interested.
- (5) The entire issued share capital of Valiant World Enterprises Limited is legally and beneficially owned by Mr. Zhou Yunchuan and Mdm. Ng Geok Luan as to 55% and 45%, respectively.

Save as disclosed above, as at 31 March 2017, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no other person or corporation (other than the Directors and chief executives of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor our controlling shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the period.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing and up to 31 March 2017.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 21 October 2016 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted since the adoption of the Scheme up to 31 March 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by Directors on terms equivalent to the Required Standard of Dealings. The Company had made specific enquiries with written guidelines in relation to the Required Standard of Dealings to all Directors, all Directors have confirmed that they complied with the required standards set out in the Required Standard of Dealings since the Listing and up to 31 March 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising shareholders' interests.

Pursuant to code provision A.2 of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "CG Code"), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. Lim currently performs these two roles. Our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within our Group and enables more effective and efficient overall strategic planning of our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save as disclosed above, the Directors consider that since the Listing and up to 31 March 2017, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

COMPLIANCE WITH CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31 March 2017, none of the Directors had an interest in a business (other than those businesses where the Director were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with businesses of the Group.

INTEREST OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Messis Capital Limited, neither Messis Capital Limited nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation of the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser service provided by Messis Capital Limited) as at the date of this report.

AUDIT COMMITTEE

The Group's first quarterly results for the three months ended 31 March 2017 were unaudited. The Company's audit committee (the "Audit Committee") has reviewed the first quarterly results of the Group for the three months ended 31 March 2017. A meeting of the Audit Committee was held with the management of the Company for, amongst other things, reviewing the first quarterly results of the Group for the three months ended 31 March 2017.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any material acquisition or disposal of subsidiaries or associates since the Listing to 31 March 2017.

DIVIDENDS

The Board did not recommend the payment of any dividend for the three months ended 31 March 2017.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our shareholders, business partners and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the period.

By Order of the Board
Mr. Kelvin LIM
Chairman and Executive Director

11 May 2017