

 **KPa-BM Holdings Limited**
應力控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock code: 8141



* For identification purpose only

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

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This report, 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 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.

FOR THE THREE MONTHS ENDED 31 DECEMBER 2016

Comparing to the corresponding three months ended 31 December 2015

- The Group's revenue amounted to approximately HK\$95.7 million for the three months ended 31 December 2016, representing an increase of approximately HK\$7.9 million or 9.0% as compared with the three months ended 31 December 2015.
- The profit attributable to the owners of the Company was approximately HK\$9.3 million for the three months ended 31 December 2016, representing an increase of approximately HK\$0.5 million or 5.7% as compared with the three months ended 31 December 2015 which was resulted from our business expansion.
- Earnings per share for the three months ended 31 December 2016 increased by approximately 4.0% to HK cents 1.56 (three months ended 31 December 2015: HK cents 1.50).

FOR THE NINE MONTHS ENDED 31 DECEMBER 2016

Comparing to the corresponding nine months ended 31 December 2015

- The Group's revenue amounted to approximately HK\$288.2 million for the nine months ended 31 December 2016, representing an increase of approximately HK\$57.8 million or 25.1% as compared with the nine months ended 31 December 2015.
- The profit attributable to the owners of the Company was approximately HK\$25.2 million for the nine months ended 31 December 2016, representing an increase of approximately HK\$11.7 million or 86.7% as compared with the nine months ended 31 December 2015 which was resulted from our business expansion.
- Earnings per share for the nine months ended 31 December 2016 increased by approximately 54.0% to HK cents 4.19 (nine months ended 31 December 2015: HK cents 2.72).

Unaudited Condensed Consolidated Third Quarterly Results

For the three months and nine months ended 31 December 2016

The board (the “Board”) of Directors is pleased to announce the unaudited condensed consolidated third quarterly results of the Group for the three months and the nine months ended 31 December 2016, together with the comparative unaudited figures for the corresponding periods in 2015, as follows:

Condensed Consolidated Statement of Comprehensive Income

For the three months and nine months ended 31 December 2016

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	4	95,694	87,847	288,241	230,356
Cost of revenue		(77,285)	(70,754)	(238,070)	(185,319)
Gross profit		18,409	17,093	50,171	45,037
Other income and gains		109	188	310	333
Marketing and distribution expenses		(158)	(219)	(572)	(764)
Administrative and other operating expenses		(6,860)	(5,800)	(18,720)	(24,962)
Finance costs		(282)	(402)	(966)	(852)
Profit before income tax	5	11,218	10,860	30,223	18,792
Income tax expense	6	(1,887)	(2,029)	(5,059)	(4,608)
Profit for the period		9,331	8,831	25,164	14,184
Other comprehensive income for the period		36	(10)	(25)	(44)
Total comprehensive income for the period		9,367	8,821	25,139	14,140

Condensed Consolidated Statement of
Comprehensive Income (Continued)

For the three months and nine months ended 31 December 2016

	Three months ended		Nine months ended	
	31 December		31 December	
	Notes	2016	2015	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit for the period attributable to:				
Owners of the Company	9,331	8,831	25,164	13,484
Non-controlling interests	—	—	—	700
	9,331	8,831	25,164	14,184
Total comprehensive income for the period attributable to:				
Owners of the Company	9,367	8,821	25,139	13,454
Non-controlling interests	—	—	—	686
	9,367	8,821	25,139	14,140
Earnings per share				
Basic and diluted earnings per share	8	1.56	1.50	2.72
		HK cents	HK cents	HK cents

Condensed Consolidated Statement of Changes In Equity

For the nine months ended 31 December 2016

	Equity attributable to owners of the Company						Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
Nine months ended 31 December 2015 (unaudited)								
At 1 April 2015	3,151	—	(850)	—	57,594	59,895	6,850	66,745
Profit for the period	—	—	—	—	13,484	13,484	700	14,184
Other comprehensive income for the period	—	—	—	(30)	—	(30)	(14)	(44)
Total comprehensive income for the period	—	—	—	(30)	13,484	13,454	686	14,140
Transactions with owners:								
Dividends declared (note 7)	—	—	—	—	(12,600)	(12,600)	—	(12,600)
Dividends paid to non-controlling interests (note 7)	—	—	—	—	—	—	(2,400)	(2,400)
Reorganisation	(3,151)	—	8,287	—	—	5,136	(5,136)	—
Issue of ordinary shares by way of placing (note 9)	1,500	43,500	—	—	—	45,000	—	45,000
Capitalisation (note 9)	4,500	(4,500)	—	—	—	—	—	—
Share issuance expenses	—	(5,058)	—	—	—	(5,058)	—	(5,058)
	2,849	33,942	8,287	—	(12,600)	32,478	(7,536)	24,942
At 31 December 2015 (unaudited)	6,000	33,942	7,437	(30)	58,478	105,827	—	105,827
Nine months ended 31 December 2016 (unaudited)								
At 1 April 2016	6,000	33,942	7,437	(28)	69,950	117,301	—	117,301
Profit for the period	—	—	—	—	25,164	25,164	—	25,164
Other comprehensive income for the period	—	—	—	(25)	—	(25)	—	(25)
Total comprehensive income for the period	—	—	—	(25)	25,164	25,139	—	25,139
Transactions with owners:								
Dividends declared (note 7)	—	—	—	—	(9,000)	(9,000)	—	(9,000)
At 31 December 2016 (unaudited)	6,000	33,942	7,437	(53)	86,114	133,440	—	133,440

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 information has not been audited but has been reviewed by the Audit Committee of the Company. The unaudited condensed consolidated financial information were approved and authorised for issue by the directors on 10 February 2017.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April 2016, the accounting policies applied in preparing this unaudited condensed consolidated financial information for the nine months ended 31 December 2016 are consistent with those of the annual financial statements for the year ended 31 March 2016 as described in those annual financial statements. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016.

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

The unaudited condensed consolidated financial information has been prepared under the historical cost basis. These unaudited condensed consolidated financial information are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

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 (the "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:

Three months ended 31 December 2016 (unaudited)	Structural engineering works HK\$'000	Trading of building material products HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	91,723	3,971	95,694
Segment profit	16,450	1,959	18,409
Corporate and unallocated income			109
Corporate and unallocated expenses			
— Marketing and distribution expenses			(158)
— Administrative and other operating expenses			(6,860)
— Finance cost			(282)
Profit before income tax			11,218

3. SEGMENT INFORMATION (Continued)

Three months ended 31 December 2015 (unaudited)	Structural engineering works HK\$'000	Trading of building material products HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	86,380	1,467	87,847
Segment profit			
	16,534	559	17,093
Corporate and unallocated income			188
Corporate and unallocated expenses			
— Marketing and distribution expenses			(219)
— Administrative and other operating expenses			(5,800)
— Finance cost			(402)
Profit before income tax			10,860
Nine months ended 31 December 2016 (unaudited)	Structural engineering works HK\$'000	Trading of building material products HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	280,261	7,980	288,241
Segment profit			
	46,234	3,937	50,171
Corporate and unallocated income			310
Corporate and unallocated expenses			
— Marketing and distribution expenses			(572)
— Administrative and other operating expenses			(18,720)
— Finance cost			(966)
Profit before income tax			30,223

3. SEGMENT INFORMATION (Continued)

Nine months ended 31 December 2015 (unaudited)	Structural engineering works HK\$'000	Trading of building material products HK\$'000	Total HK\$'000
Segment revenue			
Sales to external customers	225,665	4,691	230,356
Segment profit			
	43,123	2,005	45,128
Corporate and unallocated income			242
Corporate and unallocated expenses			
— Marketing and distribution expenses			(764)
— Administrative and other operating expenses			(24,962)
— Finance cost			(852)
Profit before income tax			18,792

4. REVENUE

	Three months ended 31 December		Nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue from rendering structural engineering works	91,723	86,380	280,261	225,665
Revenue from trading of building material products	3,971	1,467	7,980	4,691
	95,694	87,847	288,241	230,356

5. PROFIT BEFORE INCOME TAX

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation in respect of:				
— Owned assets	266	181	677	404
— Leased assets	40	28	120	196
	306	209	797	600
Employee benefit expenses (including directors' emoluments)				
— Salaries, allowances and benefits in kind	8,545	8,385	23,852	19,975
— Contribution to defined contribution retirement plan	254	252	829	762
	8,799	8,637	24,681	20,737
Listing expenses	—	—	—	8,176

6. INCOME TAX EXPENSE

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

	Three months ended 31 December		Nine months ended 31 December	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Current tax for the period				
— Hong Kong Profits Tax	1,823	1,969	4,939	4,548
— Other regions of the PRC- Enterprise Income Tax ("EIT")	64	60	120	60
Total income tax expense	1,887	2,029	5,059	4,608

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: 25%) on the estimated assessable profits for the period.

At 31 December 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 nine months ended 31 December 2016 (31 December 2015: nil).

On 14 September 2015, the directors of certain subsidiaries, declared interim dividends amounting to HK\$15,000,000 in aggregate, of which HK\$12,600,000 was attributable to owners of the Company whereas the remaining HK\$2,400,000 was attributable to the non-controlling interests.

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		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings				
Profit for the period attributable to owners of the Company	9,331	8,831	25,164	13,484
	Number of shares (thousands)			
Shares				
Weighted average number of ordinary shares in issue during the period	600,000	588,587	600,000	496,364

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the three and nine months ended 31 December 2015 of 588,587,000 and 496,364,000 respectively represents the number of shares of the Company in issue during the respective periods, having been adjusted for the effects of the capitalisation issue of 449,999,900 shares and the placing of 150,000,000 shares both of which took place on 8 October 2015.

The weighted average number of ordinary shares used for the purposes of calculating the basic earnings per share for the three and nine months ended 31 December 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. PLACING

The Company successfully listed its shares on GEM on 8 October 2015. On 8 October 2015, the placing of 150,000,000 ordinary shares of the Company of HK\$0.01 each at the placing price of HK\$0.30 per placing share were allotted and issued.

Upon completion of the Placing, the issue of 449,999,900 ordinary shares of the Company at par to the shareholders of the Company on a pro-rata basis by way of capitalising an amount of HK\$4,499,999 from the share premium account of the Company which was approved by the shareholders of the Company on 22 September 2015 has become unconditional.

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. During the current year, the Group has been focusing on cultivating potential new business relationship and bidding for private sector's projects. With the Group's reputation in the market and our experienced management team, the Group was awarded two new construction contracts in November 2016 and December 2016 with contract sum of approximately HK\$121 million and HK\$131 million each for public sector and private sector works respectively. For more details of these two new contracts, please refer to the two voluntary announcements published by the Company on 18 November 2016 and 21 December 2016 respectively. We remain confident in securing more relatively sizeable projects in private sector to compensate for the slowdown in the public sector.

FINANCIAL REVIEW

Revenue

The Group's revenue grew by approximately 25.1% from approximately HK\$230.4 million for the nine months ended 31 December 2015 (the "Previous Period") to approximately HK\$288.2 million for the nine months ended 31 December 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 17.4%, as compared to approximately 19.6% for the Previous Period. Despite the decrease in profit margin, the Group's gross profit for the Period increased by HK\$5.1 million as a result of the growth in revenue. 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\$18.7 million, representing a decrease of approximately HK\$6.3 million from the Previous Period mainly 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\$1.0 million, representing an increase of approximately HK\$0.1 million or 13.4%, 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\$5,059,000 and HK\$4,608,000 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

The Group's profit for the Period increased by approximately HK\$11.0 million, which is attributable to the (i) HK\$5.1 million increase in gross profit; (ii) HK\$6.3 million decrease in administrative and other operating expenses and (iii) HK\$0.4 million increase in income tax expenses.

FOREIGN CURRENCY EXPOSURE AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollar, 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 31 December 2016, the Group had bank borrowings of HK\$34,176,000 (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\$7,101,000 as at 31 December 2016 (31 March 2016: HK\$5,023,000);
- bank deposits of HK\$16,214,000 as at 31 December 2016 (31 March 2016: HK\$13,201,000).

As at 31 December 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 for certain construction contracts. The aggregate bond values as at 31 December 2016 amounted to 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 31 December 2016, the respective construction contracts are expected to be completed in year 2018 (31 March 2016: 2018).

CONTINGENT LIABILITIES

As at 31 December 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 nine months ended 31 December 2016 (nine months ended 31 December 2015: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2016, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long Positions In Shares Of The Company

(a) Interest in the shares of the Company

Director	Capacity/ Nature of interest	Number of issued ordinary shares	Percentage of the issued share capital of the Company
Mr. Lui Bun Yuen Danny	Corporate interest	369,000,000	61.5%
	Beneficial owner	27,000,000	4.5%
	Interests held jointly	54,000,000	9.0%
Mr. Wai Yat Kin	Corporate interest	369,000,000	61.5%
	Beneficial owner	27,000,000	4.5%
	Interests held jointly	54,000,000	9.0%
Mr. Yip Pak Hung	Corporate interest	369,000,000	61.5%
	Beneficial owner	27,000,000	4.5%
	Interests held jointly	54,000,000	9.0%

(b) Interest in the shares of an associated corporation

**Name of associated corporation:
Success Wing Investments Limited**

Director	Capacity/ Nature of interest	Number of shares	Percentage of Shareholding
Mr. Lui Bun Yuen Danny	Beneficial owner	240	29.3%
Mr. Wai Yat Kin	Beneficial owner	240	29.3%
Mr. Yip Pak Hung	Beneficial owner	240	29.3%

Save as disclosed above, as at the date of this report, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Rules 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 December 2016, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of a Director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

Ordinary shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of issued ordinary shares	Percentage of the issued share capital of the Company
Success Wing Investments Limited	Beneficial owner	369,000,000	61.5%
Ms. Lam Suk Lan Bonnie	Interest of spouse	450,000,000	75.0%
Ms. Wu Janet	Interest of spouse	450,000,000	75.0%

Save as disclosed above, as at 31 December 2016, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

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 31 December 2016, no share option was outstanding under the Share Option Scheme. During the Period, no share options were granted by the Company under the Share Option Scheme.

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with all applicable code provisions of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules.

COMPETING INTEREST

None of the Directors, substantial shareholders and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete with the business of the Group as at 31 December 2016.

INTEREST OF THE COMPLIANCE ADVISOR

As notified by the Company's compliance adviser, Messis Capital Limited (the "Compliance Adviser"), except for 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 31 December 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 information of the Group for the Period, which was of the opinion that such information 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, 10 February 2017

As at the date of this report, 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.