

SUMMARY

BUSINESS OVERVIEW

We are a main contractor in Hong Kong principally engaged in providing (i) substructure building works services; (ii) superstructure building works services; and (iii) repair, maintenance, alteration and addition (“**RMAA**”) works services. The following table sets forth the breakdown of our revenue by segment during the Track Record Period:

	Year ended 31 March				Six months ended	
	2014		2015		30 September 2015	
	Revenue (HK\$'000)	% of total revenue	Revenue (HK\$'000)	% of total revenue	Revenue (HK\$'000)	% of total revenue
Substructure building works services	75,280	37.6	131,520	34.9	36,913	23.8
Superstructure building works services	31,597	15.8	221,009	58.6	115,687	74.7
RMAA works services	<u>93,306</u>	<u>46.6</u>	<u>24,827</u>	<u>6.5</u>	<u>2,309</u>	<u>1.5</u>
Total:	<u>200,183</u>	<u>100.0</u>	<u>377,356</u>	<u>100.0</u>	<u>154,909</u>	<u>100.0</u>

All our projects during the Track Record Period and up to the Latest Practicable Date were located in Hong Kong. During the Track Record Period, we undertook projects in both public and private sectors. The following table sets forth the breakdown of our revenue by public and private sectors during the Track Record Period:

	Year ended 31 March				Six months ended	
	2014		2015		30 September 2015	
	Revenue (HK\$'000)	% of total revenue	Revenue (HK\$'000)	% of total revenue	Revenue (HK\$'000)	% of total revenue
Public sectors	10,104	5.0	955	0.3	—	0.0
Private sectors	<u>190,079</u>	<u>95.0</u>	<u>376,401</u>	<u>99.7</u>	<u>154,909</u>	<u>100</u>
Total:	<u>200,183</u>	<u>100.0</u>	<u>377,356</u>	<u>100.0</u>	<u>154,909</u>	<u>100.0</u>

We were founded in 1998 and have been operating for over 17 years. We acted as the main contractor in all our projects during the Track Record Period and up to the Latest Practicable Date and delegated works to our subcontractors under supervision of and management by our project team. Our role as a main contractor generally includes overall project management and supervision of works conducted by our subcontractors to ensure their conformity to contractual specification and that projects are completed on time and within budget.

Customers

During the Track Record Period, our top five customers include Link Asset Management Limited (previously known as The Link Management Limited) (“**LAML**”), church and property developers. For each of the two years ended 31 March 2015 and the six months ended 30 September 2015, our top five customers were Independent Third Parties, and total revenue attributable to them amounted to approximately HK\$172.1 million, HK\$284.6 million and HK\$129.1 million, representing approximately 86.0%, 75.4% and 83.3% of our total revenue, respectively. During the same period, total revenue attributable to our largest customer amounted to approximately HK\$81.6 million, HK\$76.8 million and HK\$36.7 million, representing approximately 40.8%, 20.4% and 23.7% of our total revenue, respectively.

SUMMARY

Suppliers

During the Track Record Period, besides our subcontractors, our top five suppliers also include construction materials suppliers. For each of the two years ended 31 March 2015 and the six months ended 30 September 2015, our top five suppliers were Independent Third Parties, and our total purchase attributable to them amounted to approximately HK\$27.3 million, HK\$47.9 million and HK\$12.7 million, representing approximately 46.6%, 41.1% and 31.6% of our total purchase, respectively. During the same period, our total purchase attributable to our largest supplier amounted to approximately HK\$11.3 million, HK\$15.7 million and HK\$4.2 million, representing approximately 19.2%, 13.4% and 10.3% of our total purchase, respectively.

Subcontractors

During the Track Record Period, we engaged approximately 90 subcontractors. For each of the two years ended 31 March 2015 and the six months ended 30 September 2015, the total cost in engaging our subcontractors amounted to approximately HK\$82.1 million, HK\$161.2 million and HK\$70.3 million, representing approximately 49.5%, 49.0% and 53.1% of our total direct costs, respectively. For the same periods, the cost in engaging our top five subcontractors amounted to approximately HK\$45.3 million, HK\$74.8 million and HK\$34.1 million respectively, representing approximately 55.2%, 46.4% and 48.6% of our total cost in engaging our subcontractors respectively. For the same periods, the cost in engaging our largest subcontractor amounted to approximately HK\$12.6 million, HK\$30.9 million and HK\$14.8 million respectively, representing approximately 15.3%, 19.2% and 21.0% of our total cost in engaging our subcontractors respectively.

Our projects

During the Track Record Period and up to the Latest Practicable Date, we completed 14 projects. As at the Latest Practicable Date, we had 12 on-going projects (either in progress or yet to commence) and the total outstanding contract sum of the same was approximately HK\$519.8 million. These on-going projects are expected to be completed by the year ending 31 March 2017.

Tender success rates

Based on our internal records, for each of the two years ended 31 March 2015 and the six months ended 30 September 2015, we submitted 51, 41 and 27 tenders or quotations to our customers (excluding quotations in relation to variation orders and supplemental orders), respectively and had been awarded 9, 4 and 6 projects. As such, the success rates for the same periods were approximately 17.6%, 9.8% and 22.2% respectively.

BUSINESS MODEL

During the Track Record Period, our projects were mainly awarded by way of tendering.

According to the Ipsos Report, the tender process for construction projects is standardised. When the employers intend to engage a main contractor for a construction project, they would issue invitation to tender to numerous candidate main contractors. Private developers generally have their own preference list of contractors for tender invitation. After receiving the invitation to tender, the candidate main contractors would prepare and submit their tenders by the deadline. All these tender submissions would be evaluated and vetted by the employers and they would conduct interviews and negotiations with candidate main contractors before awarding the tender to the appropriate main contractor. After the main contractor has been awarded with the tender, they would subcontract various parts of the construction works to the subcontractors. Similarly, candidate subcontractors would submit tenders or quotations by the deadline which would be evaluated by the main contractor, before awarding the subcontracts to the appropriate subcontractors.

SUMMARY

Invitation to tender and preparation of tender

In general, the invitation to tender is by way of letter. If we accept the invitation, tender package is delivered to us consisting of conditions of tender, specifications, schedule of rates and drawings. The schedule of rates is to itemise the works and quantities. Our tendering department is responsible to prepare the tender submission.

We adopt a cost-plus pricing model for setting our tender price. We estimate the cost by considering direct labour cost, subcontracting cost, construction material cost and insurance cost. During the preparation of tender submission, we may obtain preliminary quotations from our construction materials suppliers, subcontractors and insurers to facilitate our estimation. We would also conduct site visit(s) to understand the site conditions and constraints.

A preliminary assessed project cost would be provided to our executive Directors to consider. Our executive Directors would also determine the mark-up margin. In determining the mark-up margin, we target to strike a balance between making a competitive tender price against our competitors and maintaining a reasonable gross profit margin of the project, and would take into account various factors including pricing trends of labour and material cost, relationship with our customers and the professional parties already on board in the project and risk factors. Our tendering department would then fill in and revise the schedule of rates and prepare tender submission documents.

Depending on the complexity and scale of the project, it generally takes around two to five weeks for us to prepare and make a tender submission. Our executive Directors must approve and sign the tender submission before it is made.

Tender selection

After tender submission, we would attend interview with our customer, respond to our customer's queries and/or negotiate with our customer about the price and/or contract terms, which are responsible by our executive Directors. If we are selected by our customer to "win" the contract, a letter of acceptance would be issued to us. The tender selection process generally takes around one to two months.

Project implementation

Once we are awarded with a project, we will form a project team which is responsible to handle the project assigned to it to ensure the works are in conformity to the contractual specifications and the project is completed on time and within budget. It is also responsible for perusing the specifications set out in the contract and if necessary, apply to the relevant Government departments to obtain the requisite permits and approvals in relation to air pollution, waste disposal, noise pollution and others pursuant to environmental protection requirements before commencement of the construction works.

We would also confirm our engagement with our subcontractors after we are awarded with a project.

The construction materials that we purchased are mainly concrete and steel. We procure the same from local distributors in Hong Kong for our subcontractors to carry out the works. We do not keep any construction materials as inventory because they are procured on a project-by-project basis in accordance with the specifications.

For those subcontractors that we need to provide them machineries, we either provide them our own machineries or machineries leased from our suppliers (as agreed and included in the subcontract price). During the Track Record Period, the machineries we leased from our suppliers include generators, cranes and air compressors. As at 30 September 2015, we had 19 sets of machinery and generally six types of machinery, namely crane, excavator, grout pump, drawler drill, generator and air compressor.

SUMMARY

We are also required to take out the employees' compensation insurance, contractor's all risks and third party liability insurance, insurance for the construction plant and equipment brought onto the site for the contract.

Progress payment and certification

Among 14 projects completed during the Track Record Period and up to the Latest Practicable Date and 12 on-going projects as at the Latest Practicable Date, save and except one project, we did not receive any sums as prepayment from our customers.

We receive progress payment from our customers pursuant to the contract. In general, for every one month, we prepare a statement setting out our estimate of the value of the works completed in the preceding month and submit the statement together with the payment application to our customers. Upon receiving such statement with our payment application, the architect and/or quantity surveyor of our customer shall assess our estimation and issue an interim certificate certifying the works completed in the preceding month. In general, it takes around 14 days from the date of our payment application to issue the interim certificate. Our customer will then make payment based on the certified amount less any retention money. Payments will normally be made by our customers within 30 days from the date of the issuance of the interim certificate.

The amount of retention money being retained is generally agreed to be approximately 10% of the certified amount until the total amount of retention money reaches approximately 5% of the contract sum which is the maximum amount to be retained.

Payment is usually made by way of cheque or bank transfer in Hong Kong dollars.

The above mechanism is also similar to our progress payment to our subcontractors. On or before the fifteenth (15th) day of each calendar month, our subcontractors shall submit payment application to us, which shall contain the quantity of completed works certified by our foreman together with receipts and/or records showing due payment of salary to their employees and the employees of their sub-subcontractors (if any).

Upon receiving such payment application, we shall assess and certify the amount to be paid and make payment based on the certified amount less any retention money on the thirtieth (30th) day of the same calendar month.

Re-measurement and variation order

In general, our contract sum is a fixed price lump sum but in some projects, the relevant schedule of rates contains provisional items and we may also have variation orders from our customers.

Duration of our projects

During the Track Record Period, the average duration of our substructure building works projects, superstructure building works projects, and RMAA works projects completed was about 18 months, 13 months and 9 months, respectively.

Defect liability period and final payment

We are required to make good any defects at our own cost within the defect liability period, which is generally 12 months, after the practical completion. After we have made good the defect to our customer's satisfaction, the residue of the retention money being retained will be released to us. In general, we impose a back-to-back defect liability period on our subcontractors.

SUMMARY

In general, within three months after the expiry of the defect liability period and making good the defects, our customer will issue the final certificate to state the sum of all amounts previously certified and the contract sum as adjusted pursuant to the contract. Such difference shall be settled by our customer or us, as the case may be, within 14 days from the final certificate date.

Surety bond

We are generally required to at our own cost obtain the guarantee of a licensed bank or insurance company in Hong Kong to be jointly and severally bound with us to our customer in a specified sum for the due performance of the contract under the terms of a bond in a specified format. The surety bond is generally released upon the practical completion. The surety bonds provided by our Group during the Track Record Period are generally in an amount not exceeding 4% of the contract sum.

Major qualifications and licenses

As at the Latest Practicable Date, we had obtained the following licenses and qualifications which are material for us to operate our business in Hong Kong:

Issuing authorities	Relevant list/category	Qualification/License	Holder	Validity period
Buildings Department	Foundation Works	Registered Specialist Contractor	Ching Lee Engineering Limited	18 December 2016
Buildings Department	Site Formation Works	Registered Specialist Contractor	Ching Lee Engineering Limited	18 December 2016
Buildings Department	N/A	Registered General Building Contractor	Ching Lee Engineering Limited	24 January 2017
Works Branch Development Bureau	Repair and Restoration of Historic Buildings	Approved Suppliers and Materials and Specialist Contractors for Public Works	Ching Lee Engineering Limited	Effective from 22 April 2009 ^(Note)

Note: Not subject to any periodic renewal conditions.

Employees and work injuries

As at the Latest Practicable Date, we had approximately 70 full-time employees who were directly employed by us in Hong Kong. Our labour cost, including wages, salaries and other employee's benefits, amounted to approximately HK\$3.3 million, HK\$12.8 million and HK\$6.0 million for each of the two years ended 31 March 2015 and the six months ended 30 September 2015, respectively which amounted to approximately 2.0%, 3.9% and 4.6% of our total direct costs respectively for the same periods.

We also maintain an internal record of our work injuries. For each of the calendar years 2013 and 2014, and the period from 1 January 2015 to 30 September 2015 (both days inclusive), we recorded two, nil and nil work injuries of our employees, and three, seven and seven work injuries of our subcontractors' employees, respectively.

SUMMARY

Property

As at the Latest Practicable Date, our Group held four properties in Hong Kong. As part of the Reorganisation, we will dispose one property to Mr. Ng, acquire one property from Mr. Ng and acquire three properties from Strong Knight, all of which will be completed before [REDACTED]. As such, we will own in total seven properties in Hong Kong upon [REDACTED], all of which are for our own use and were subject to mortgage. We had seven leased properties. For each of the two years ended 31 March 2015 and the six months ended 30 September 2015, our property rental and related expenses amounted to approximately HK\$221,000, HK\$355,000, and HK\$163,000, representing approximately 0.1%, 0.09%, 0.1% respectively of our total revenue for the same periods.

OUR COMPETITIVE STRENGTHS

We believe that our competitive strengths are as follows:

- We are an established main contractor in Hong Kong.
- We provide extensive services.
- We have established relationships with our top five customers.
- We have established relationships with our top five suppliers.
- We have an experienced and dedicated management team.

BUSINESS STRATEGIES

Our business objective is to achieve sustainable growth in our business in Hong Kong by consolidating and expanding our works capacity in Hong Kong.

FUTURE PLANS AND USE OF PROCEEDS

On the basis that the [REDACTED] is HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED]), our Directors estimate that the net proceeds to be received by us from the [REDACTED] (after deducting underwriting fees, brokerage, the Stock Exchange trading fee and SFC transaction levy for the New Shares and the relevant portion of estimated [REDACTED] expenses in connection with the [REDACTED] to be borne by our Group) will be approximately HK\$[REDACTED]. Our Directors presently intend that the net proceeds payable to us from the [REDACTED] will be applied for the period from the Latest Practicable Date to 31 March 2018 as follows:

Use	Approximate percentage or amount of net proceeds to be applied
To reserve more capital to satisfy our potential customers' requirement for surety bond	[REDACTED]% of HK\$[REDACTED]
To expand our workforce, and arrange and sponsor our engineering staff to attend external technical seminars and occupational health and safety courses	[REDACTED]% of HK\$[REDACTED]
To acquire machinery	[REDACTED]% of HK\$[REDACTED]
To reduce our gearing ratio	[REDACTED]% of HK\$[REDACTED]

SUMMARY

We estimate that the [REDACTED] will receive net proceeds of approximately HK\$[REDACTED] million at the [REDACTED] of HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED]), after deducting underwriting fees, brokerage, the Stock Exchange trading fee and SFC transaction levy for the Sale Shares and the relevant portion of estimated [REDACTED] expenses to be borne by [REDACTED]. We will not receive any of the net proceeds of the [REDACTED] from the sale of the Sale Shares by [REDACTED].

If the [REDACTED] is exercised in full, assuming a [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative range of the [REDACTED], we estimate the net proceeds to be received by us from the [REDACTED] (after deducting underwriting fees, brokerage, the Stock Exchange trading fee and SFC transaction levy for the New Shares and Shares to be issued pursuant to the exercise of the [REDACTED] and the relevant portion of estimated [REDACTED] expenses in connection with the [REDACTED] to be borne by our Group) would be increased to approximately HK\$[REDACTED]. We currently intend to apply such additional net proceeds to the above proposed usage items, save and except for the reduction of our gearing ratio, on a pro-rata basis. For further details on our future plans and use of proceeds, please refer to the section headed “Future plans and use of proceeds” in this document.

SELECTED KEY OPERATIONAL AND FINANCIAL DATA

	Year ended 31 March		Six months ended 30 September	
	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Revenue	200,183	377,356	154,308	154,909
Cost of revenue	<u>(165,674)</u>	<u>(328,560)</u>	<u>(131,823)</u>	<u>(132,307)</u>
Gross Profit	34,509	48,796	22,485	22,602
Profit before income tax	11,354	22,813	11,566	9,598
Profit and total comprehensive income for the year/period attributable to the owners of the Company	<u>9,420</u>	<u>18,478</u>	<u>9,546</u>	<u>7,861</u>
			As at	
	As at 31 March		30 September	
	2014	2015	2015	
	HK\$'000	HK\$'000	HK\$'000	
Non-current assets	16,126	27,195	24,938	
Current assets	100,676	156,751	166,861	
Current liabilities	106,534	160,252	161,686	
Net current assets/(liabilities)	(5,858)	(3,501)	5,175	
Non-current liabilities	3,091	3,589	2,147	
Net Assets	7,177	20,105	27,966	

SUMMARY

	Year ended		Six months ended	
	31 March		30 September	
	2014	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/generated from operating activities	(5,453)	34,029	10,230	20,649
Net cash used in investing activities	(13,641)	(44,029)	(11,334)	(3,386)
Net cash (used in)/generated from financing activities	8,156	16,108	8,296	(9,557)
Net (decrease)/increase in cash and cash equivalents	(10,938)	6,108	7,192	7,706
Cash and cash equivalents at beginning of year/period	10,704	(234)	(234)	5,874
Cash and cash equivalents at end of year/period	(234)	5,874	6,958	13,580

For further details and analysis of our financial information, please refer to the section headed “Financial information” in this document.

KEY FINANCIAL RATIOS

Selected Ratios	Year ended 31 March		Six months ended
	2014	2015	30 September 2015
Gross profit margin	17.2%	12.9%	14.6%
Net profit margin	4.7%	4.9%	5.1%
Gearing ratio	602.8%	310.0%	192.0%
Current ratio	0.9	1.0	1.0
Return on equity	88.0%	135.5%	32.7%
Return on assets	9.8%	12.3%	4.2%

Please refer to the paragraph headed “Analysis of selected financial ratio” under the section headed “Financial information” in this document for further details.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on our principal business of provision of (i) substructure building works services; (ii) superstructure building works services; and (iii) repair, maintenance, alteration and addition (“RMAA”) works services. The aggregate contract value of these on-going projects are as follow:

- four substructure building works services of contract value of approximately HK\$211.9 million in aggregate;
- six superstructure building works services of contract value of approximately HK\$648.4 million in aggregate; and
- two RMAA works services of aggregate contract value of approximately HK\$79.2 million.

As at the Latest Practicable Date, the outstanding contract sums to be completed for each category were:

- substructure building works services of approximately HK\$89.5 million;
- superstructure building works services of approximately HK\$356.4 million; and
- RMAA works services of approximately HK\$73.9 million.

SUMMARY

As at the Latest Practicable Date, all our on-going projects were projects in private sector. Please refer to the section headed "Business — Our projects" for further details of our on-going projects as at the Latest Practicable Date. Our business model and cost structure remained unchanged since 30 September 2015. Our projects on hand continued to contribute revenue subsequent to the Track Record Period and our Directors do not note any material interruption of progress works, material delay or any other exceptional situation for such existing contracts.

Save as the [REDACTED] expenses, our Group did not have any significant non-recurrent items in our consolidated statements of profit or loss and other comprehensive income subsequent to the Track Record Period. Our results of operation for the year ending 31 March 2016 are expected to be significantly affected by the non-recurring [REDACTED] expenses as discussed in the paragraph headed "[REDACTED] expenses" below in this section.

The net current assets of our Group as at 31 October 2015 were approximately HK\$6.3 million. As at the Latest Practicable Date, approximately 99.6% of the trade receivables as at 31 March 2015 had been subsequently settled, and 93.7% of the trade payables as at 31 March 2015 had been subsequently settled.

[REDACTED] EXPENSES

The Group expects that the total [REDACTED] expenses, which is non-recurring in nature, will amount to approximately HK\$[REDACTED] of which the Group is expected to bear approximately HK\$[REDACTED] and approximately HK\$[REDACTED] will be borne by [REDACTED]. The Group did not record any [REDACTED] expenses during the Track Record Period. The Group expects to recognize approximately HK\$[REDACTED] in the combined statements of comprehensive income for the year ending 31 March 2016; while approximately HK\$[REDACTED] to be directly attributable to the issue of new Shares and accounted for as a deduction from equity upon successful [REDACTED] under the relevant accounting standards. Accordingly, the financial results of the Group for the year ending 31 March 2016 are expected to be affected by the estimated expenses in relation to the [REDACTED]. Such [REDACTED] expenses is a current estimate for reference only and the final amount to be charged to the profit and loss account of the Group for the year ending 31 March 2016 and the amount to be deducted from the Group's capital is subject to change.

STATISTICS OF THE [REDACTED]

Number of [REDACTED]:	[REDACTED] Shares (subject to the [REDACTED]) (comprising [REDACTED] New Shares to be offered by our Company and [REDACTED] Sale Shares to be offered by [REDACTED])	
[REDACTED] structure:	[REDACTED]% of the enlarged issued share capital of the Company	
[REDACTED]	Up to [REDACTED]% of the [REDACTED] initially available under the [REDACTED]	
[REDACTED]:	Not more than HK\$[REDACTED] per [REDACTED] Share and expected to be not less than HK\$[REDACTED] per [REDACTED] Share	
Market capitalization of the Shares:	Based on a [REDACTED] of HK\$[REDACTED] per Share	Based on a [REDACTED] of HK\$[REDACTED] per Share
	HK\$[REDACTED]	HK\$[REDACTED]

OUR SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the [REDACTED] without taking into account of any Shares which may be allotted and issued upon the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme, our Company will be owned as to [REDACTED]% by JT Glory, which is wholly-owned by Mr. Ng (our Chairman, chief executive officer and executive Director). For the purposes of the [REDACTED] Rules, JT Glory and Mr. Ng are our Controlling Shareholders.

SUMMARY

DIVIDEND POLICY

For the years ended 31 March 2014 and 2015, the interim dividends amounting to approximately HK\$16.5 million and HK\$5.6 million respectively represented interim dividends declared by a group entity to its then shareholder. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future. For details please refer to the paragraph headed "Financial information — Dividend policy" in this document.

RISK FACTORS

Potential investors are advised to carefully read the section headed "Risk factors" in this document before making any investment decision in the [REDACTED]. Some of the more particular risk factors include:

- We have a concentrated clientele base and any decrease in the number of projects with our top five customers would adversely affect our operations and financial results.
- Our revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of our projects would affect our operations and financial results.
- Our historical growth rate, revenue and profit margin may not be indicative of our future growth rate, revenue and profit margin.
- We depend on our suppliers for concrete and steel and other construction materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price.
- We were involved in certain on-going legal proceedings against us as at the Latest Practicable Date. If we were found liable, we might have to make compensations, incur significant financial loss, and suffer damage to our reputation.
- We may be involved in construction and/or labour disputes, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result.
- We determine our tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from our estimate due to unexpected circumstances, thereby adversely affecting our operations and financial results.
- Our contracts generally have provisional and/or re-measurement items of works and our customers may cancel certain contract works by variation orders resulting in the total contract sum of that project reduced, which would adversely affect our operations and financial results.
- Amount recognised as revenue by us may not be the same as the value of works to be certified by our customers.
- We may be exposed to delays and/or defaults of progress payments and/or retention monies by our customers which would adversely affect our cash flows or financial results.

HISTORICAL NON-COMPLIANCE INCIDENTS

There were instances where our Group failed to comply with certain applicable laws and regulations in Hong Kong during the Track Record Period, including non-compliance with: (i) the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong); (ii) the Pneumoconiosis and Mesothelioma (Compensation) (Assessment of Levy) Regulations (Chapter 360A of the Laws of Hong Kong) and Pneumoconiosis and Mesothelioma (Compensation) (Assessment of Levy) Regulations (Chapter 360A of the Laws of Hong Kong); and (iii) the Companies Ordinance and Predecessor Companies Ordinance.