

## HISTORY, REORGANISATION AND GROUP STRUCTURE

### 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) RMAA works services.

We were founded in 1998 by Mr. Ng, with funds from his personal financial resources and have been operating for over 17 years, during which time we have developed established relationships with our customers including LAML, church and property developers. During the Track Record Period and up to the Latest Practicable Date, we completed 14 projects.

The following table outlines the key milestones in the history of our Group:

- |      |   |
|------|---|
| 1998 | Ching Lee Engineering was established, and our Group commenced the business of provision of renovation services   |
| 2003 | Ching Lee Construction was established with the aim to expand our Group's clientele   |
| 2005 | Ching Lee Engineering was registered as a general building contractor with the Building Authority   |
| 2006 | Ching Lee Engineering was awarded the ISO9001:2008 issued by Castco Certification Services Limited  |
| 2007 | Ching Lee Foundation was established with the aim to further expand our Group's business, in particular, in the provision of substructure building works services   |
| 2008 | Ching Lee Engineering was registered as a specialist contractor for site formation works and foundation works with the Building Authority   |
| 2009 | Ching Lee Engineering was included in the specialist list under the category of repair and restoration of historic buildings with the Development Bureau  |
| 2009 | Ching Lee Engineering was awarded the ISO14001:2004 issued by Castco Certification Services Limited   |
| 2012 | our Group commenced its first substructure and superstructure building works project for a church located at Tsim Sha Tsui, Hong Kong as a main contractor with the contract value of approximately HK\$137 million                     |
| 2015 | the aggregate number of employees of our Group reached 80   |
| 2015 | the annual turnover of our Group exceeded HK\$350 million   |
| 2015 | Ching Lee Engineering was named in the honor award for architecture as the main contractor in a project for a church located at Tsim Sha Tsui, Hong Kong issued by the American Institute of Architects to the architect of the project |

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### CORPORATE AND BUSINESS DEVELOPMENT HISTORY

#### Early history and establishment of Ching Lee Engineering

Ching Lee Engineering was incorporated under the laws of Hong Kong on 27 November 1998 with limited liability. Ching Lee Engineering was primarily engaged in the provision of renovation services after its incorporation. In 2001 and 2003, Ching Lee Engineering entered into two agreements with an Independent Third Party for cooperation on two construction projects respectively. In 2005, Ching Lee Engineering was registered as a general building contractor with the Building Authority, and since then in addition to renovation services, it also provides superstructure building works services. In 2008, Ching Lee was registered as a specialist contractor under the categories of site formation works and foundation works with the Building Authority, and since then its scope of services has further expanded to include the provision of substructure building works services.

On the date of its incorporation, two shares were issued and allotted to the two initial subscribers respectively, both Independent Third Parties, which were subsequently transferred to Mr. Ng at a consideration of HK\$1 and an Independent Third Party at a consideration of HK\$1, respectively on 7 April 1999. On the same day, Ching Lee Engineering issued and allotted 9,499 shares to Mr. Ng at a consideration of HK\$9,499 and 499 shares to the Independent Third Party at a consideration of HK\$499 respectively. On 31 May 1999, the Independent Third Party transferred his 500 shares in Ching Lee Engineering to Ms. Cheung Yuk Sheung, spouse of Mr. Ng, at a consideration of HK\$1.

As at 31 May 1999, Ching Lee Engineering was owned as to 95% by Mr. Ng and as to 5% by Ms. Cheung Yuk Sheung, the spouse of Mr. Ng. On 26 September 2006, the 5% interests of Ching Lee Engineering registered under the name of Ms. Cheung Yuk Sheung were transferred to Mr. Ng. Upon completion of such transfer and until the Reorganisation, Ching Lee Engineering was wholly-owned by Mr. Ng who had contributed to the initial investment to Ching Lee Engineering by way of his personal financial resources.

#### Establishment of Ching Lee Construction

To further strengthen our Group's ability to source client and customer relations, in 2003, Mr. Ng, together with Mr. Lam and Mr. Lui further founded Ching Lee Construction. Ching Lee Construction was incorporated under the laws of Hong Kong on 26 May 2003 with limited liability. Ching Lee Construction was primarily engaged in the business of provision of building construction services. On the date of its incorporation, 6,500 shares, 2,500 shares and 1,000 shares were issued and allotted to Mr. Ng, Mr. Lui and Mr. Lam respectively. Each of Mr. Ng, Mr. Lui and Mr. Lam contributed 65%, 25% and 10% respectively of the initial investment to Ching Lee Construction by way of their respective personal financial resources. Since incorporation and until the Reorganisation, Ching Lee Construction was owned as to 65% by Mr. Ng, 25% by Mr. Lui and 10% by Mr. Lam.

#### Establishment of Ching Lee Foundation

To further expand our business, in particular, in the provision of substructure building works services, Ching Lee Foundation was established in 10 August 2007 by our Group together with two Independent Third Parties, both of whom had experience in foundation works. Mr. Ng became acquainted with the other two founders in 2006 through work. Ching Lee Foundation was incorporated under the laws of Hong Kong on 10 August 2007 with limited liability. On the date of its incorporation, 510 shares and 490 shares were issued and allotted to Ching Lee Construction and two Independent Third Parties respectively and Ching Lee Foundation was owned as to 51% by Ching Lee Construction and as to 49% by two Independent Third Parties. Ching Lee Construction contributed to its portion of the initial investment to Ching Lee Foundation by way of its internal financial resources. On 4 October 2013, Mr. Ng acquired the entire issued share capital of Ching Lee Foundation from Ching Lee Construction and the two Independent Third Parties at a total consideration of HK\$1,000 which was

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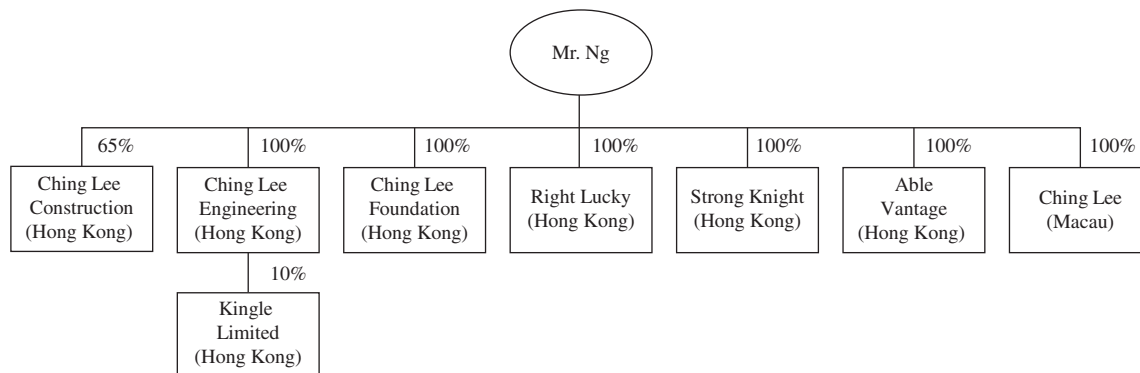
determined after arm’s length negotiation among the parties with reference to the par value of the shares of Ching Lee Foundation in view that at the material times Ching Lee Foundation incurred loss. Upon completion of the acquisition and until the Reorganisation, Ching Lee Foundation was wholly-owned by Mr. Ng.

### Establishment of Right Lucky

Right Lucky is an investment holding company incorporated under the laws of Hong Kong on 25 August 2005 with limited liability. On the date of its incorporation, one share was issued and allotted to an initial subscriber, who was an Independent Third Party, which was subsequently transferred to Mr. Ng on 4 October 2005. Upon completion of such transfer and until the Reorganisation, Right Lucky was wholly-owned by Mr. Ng who had contributed to the initial investment to Right Lucky by way of his personal financial resources. The main assets hold by Right Lucky are various landed properties situated in Hong Kong. For further information on the properties owned by our Group, please refer to the section headed “Business — Our properties — Real properties” of this document.

### REORGANISATION

The following chart sets out all the companies owned by Mr. Ng immediately prior to the Reorganisation:



### Incorporation of our Company and our intermediate holding company

#### *Our Company*

Our Company was incorporated as an exempted company under the laws of the Cayman Islands on 16 November 2015 with limited liability to act as the ultimate holding company of our Group. The initial authorised share capital of the Company was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On the same day, one nil-paid subscriber Share was issued and allotted to the subscriber, and such subscriber Share was transferred to Mr. Ng on the same day. The said transfer was properly and legally settled and completed on 16 November 2015.

#### *Ching Lee Group*

Ching Lee Group was incorporated under the laws of the BVI on 16 November 2015 with limited liability to act as the intermediate holding company of our Group. Ching Lee Group is authorised to issue a maximum of 50,000 shares of a single class with a par value of US\$1.00 each. Upon its incorporation, 100 shares were allotted and issued to Mr. Ng. After the said allotment and issue, Ching Lee Group became wholly-owned by Mr. Ng.

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### Acquisition of operating subsidiaries by Ching Lee Group

#### *Ching Lee Engineering*

Immediately prior to the Reorganisation, Ching Lee Engineering was wholly-owned by Mr. Ng. On 8 December 2015, Ching Lee Group acquired 3,700,000 shares of Ching Lee Engineering (representing its entire issued share capital) from Mr. Ng, in consideration of which Ching Lee Group allotted and issued 100 fully paid shares to Mr. Ng. Upon completion of the said acquisition, Ching Lee Engineering became a wholly-owned subsidiary of Ching Lee Group.

#### *Ching Lee Construction*

Immediately prior to the Reorganisation, Ching Lee Construction was owned as to 65% by Mr. Ng, 25% by Mr. Lui and 10% by Mr. Lam. On 15 December 2015, Mr. Ng acquired (a) 2,500 shares of Ching Lee Construction (representing 25% of its entire issued share capital) from Mr. Lui at a total consideration of HK\$427,724 and (b) 1,000 shares of Ching Lee Construction (representing 10% of its entire issued share capital) from Mr. Lam at a total consideration of HK\$171,090. The consideration was determined after arm’s length negotiation among Mr. Ng, Mr. Lui and Mr. Lam with reference to the fair value of the 35% interest of Ching Lee Construction. On 15 December 2015, Ching Lee Group subsequently acquired 10,000 shares of Ching Lee Construction (representing its entire issued share capital) from Mr. Ng, in consideration of which Ching Lee Group allotted and issued 100 fully paid shares to Mr. Ng. Upon completion of the said acquisition, Ching Lee Construction became a wholly-owned subsidiary of Ching Lee Group.

#### *Ching Lee Foundation*

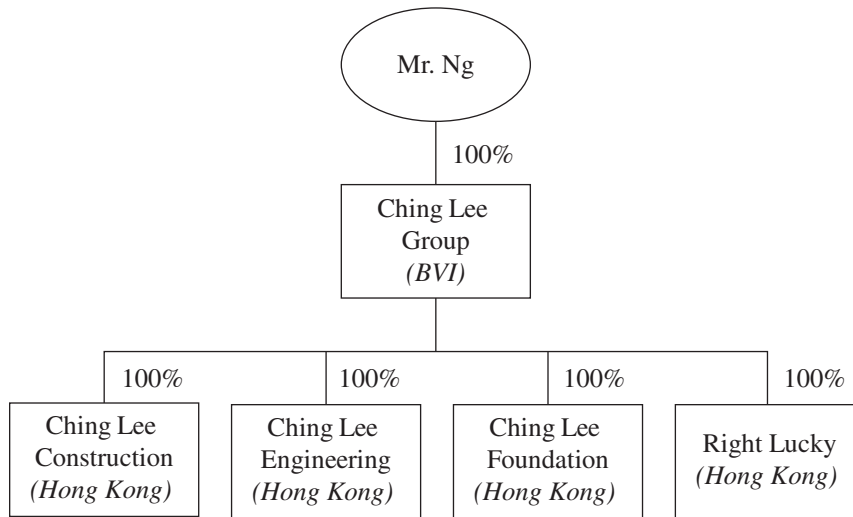
Immediately prior to the Reorganisation, Ching Lee Foundation was wholly-owned by Mr. Ng. On 8 December 2015, Ching Lee Group, acquired 1,000 shares of Ching Lee Foundation (representing its entire issued share capital) from Mr. Ng, in consideration of which Ching Lee Group allotted and issued 100 fully paid shares to Mr. Ng. Upon completion of the said acquisition, Ching Lee Foundation became a wholly-owned subsidiary of Ching Lee Group.

#### *Right Lucky*

Immediately prior to the Reorganisation, Right Lucky was wholly-owned by Mr. Ng. On 8 December 2015, Ching Lee Group acquired one share of Right Lucky (representing its entire issued share capital) from Mr. Ng, in consideration of which Ching Lee Group allotted and issued 100 fully paid shares to Mr. Ng. Upon completion of the said acquisition, Right Lucky became a wholly-owned subsidiary of Ching Lee Group.

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Upon completion of the acquisitions of the operating subsidiaries by Ching Lee Group as mentioned above, the corporate structure of Ching Lee Group was as follows:

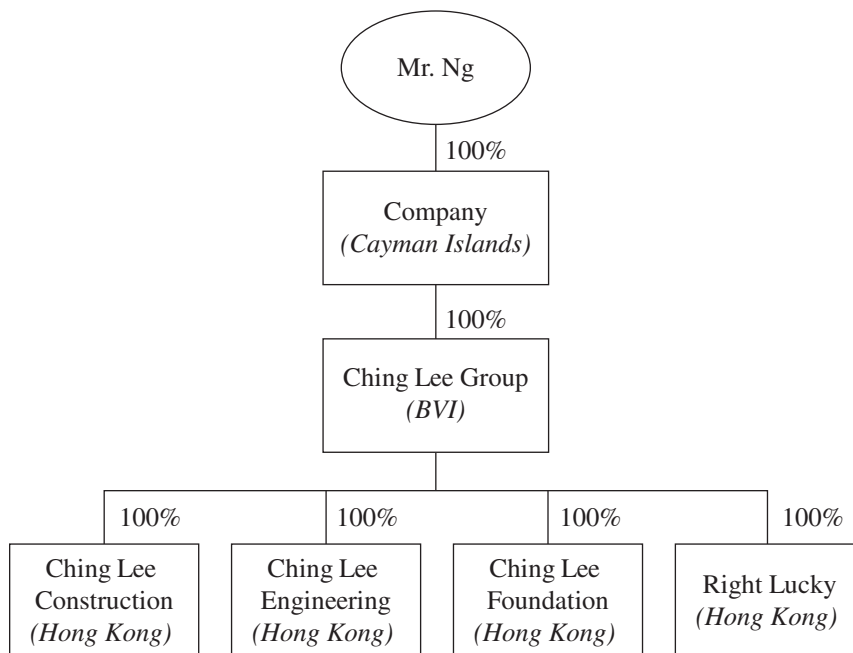


All of the abovementioned acquisitions pursuant to the Reorganisation have been properly and legally settled and completed.

### Acquisition of Ching Lee Group by our Company

On 15 December 2015, our Company acquired the entire issued share capital of Ching Lee Group from Mr. Ng, in consideration of which the Company credited as fully paid at par the one nil-paid subscriber Share held by Mr. Ng and allotted and issued 99 fully paid up new Shares to Mr. Ng.

The corporate structure of our Group immediately following the acquisition of Ching Lee Group by our Company was as follows:



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### Acquisition of the Company by JT Glory

On 15 December 2015, JT Glory, a company wholly-owned by Mr. Ng, acquired the entire issued share capital of the Company from Mr. Ng, in consideration of which JT Glory allotted and issued 98 fully paid shares to Mr. Ng. Upon completion of the said acquisition, the Company became wholly-owned by JT Glory.

### Excluded businesses

In preparation of the [REDACTED], we decided to streamline our core business, and we excluded Kingle Limited, Strong Knight, Able Vantage and Ching Lee (Macau) from our Group during the course of the Reorganisation.

#### *Kingle Limited*

Kingle Limited is a company incorporated under the laws of Hong Kong on 8 July 1980 with limited liability. Prior to the Reorganisation, Kingle Limited was owned as to 10% by Ching Lee Engineering and 90% by an Independent Third Party. On 15 December 2015, Ching Lee Engineering transferred the 10% interest in Kingle Limited held by it to Mr. Ng at a consideration of HK\$754,607 with reference to the fair value of the 10% interest of Kingle Limited.

Kingle Limited currently has no operation except for making and receiving remaining payments for joint construction projects of Ching Lee Engineering and the Independent Third Party. The construction projects had been completed in prior years. As (i) the joint construction projects of Ching Lee Engineering and the Independent Third Party had been completed, (ii) our Group currently does not have any joint construction project, (iii) Ching Lee Engineering only held 10% of Kingle Limited and had no control of its board of directors, (iv) Kingle Limited currently has no operation and is expected to continue to be dormant, and (v) Kingle Limited does not hold any licence to conduct building construction works in Hong Kong, the principal activities of Kingle Limited and those of our Group are dissimilar and Kingle Limited would not be in competition with our Group. Accordingly, Kingle Limited was not included in our Group.

In the opinion of our Directors, based on the unaudited management accounts of Kingle Limited, had Kingle Limited not been excluded and its financial information been included in the financial information of the Group, the Group would have recorded unaudited interest in an associate of approximately HK\$1,092,000, HK\$478,000 and HK\$[907,000] as at 31 March 2014 and 2015, and 30 September 2015, respectively; and unaudited share of profit of the associate of approximately HK\$467,000, HK\$386,000 and HK\$[429,000] for the years ended 31 March 2014 and 2015, and the six months ended 30 September 2015, respectively.

#### *Strong Knight Limited*

Strong Knight Limited (“**Strong Knight**”) is a company incorporated under the laws of Hong Kong on 8 February 2010 with limited liability and is wholly-owned by Mr. Ng.

Strong Knight is an investment holding company which does not have any other business or operation. Strong Knight was therefore not included in our Group.

#### *Able Vantage Guesthouse Company Limited*

Able Vantage Guesthouse Company Limited (“**Able Vantage**”) is a company incorporated under the laws of Hong Kong on 1 February 2013 with limited liability and wholly-owned by Mr. Ng.

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Able Vantage is principally engaged in the operation and management of guesthouses in Hong Kong. As the business of Able Vantage is different from that of our Group, Able Vantage was not included in our Group.

### *Ching Lee (Macau)*

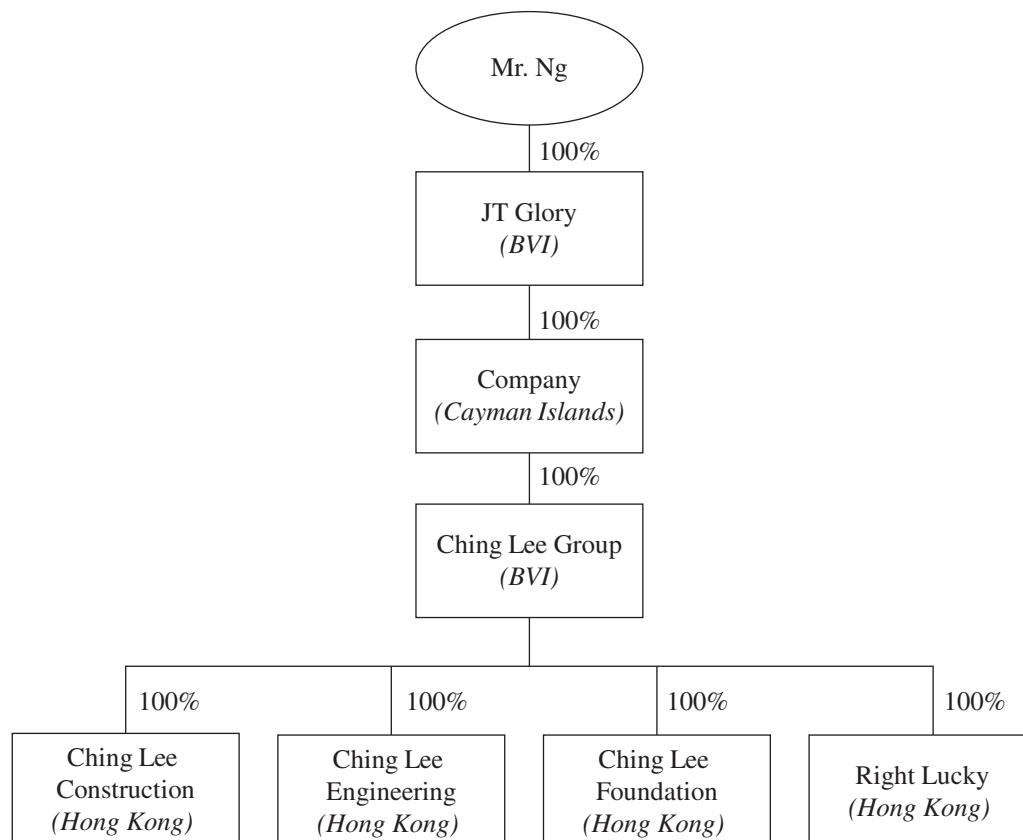
Ching Lee Engineering Limited (“**Ching Lee (Macau)**”) is a company incorporated under the laws of Macau on 28 March 2007 with limited liability and is owned as to 96% by Mr. Ng and as to 4% by Ms. Cheung Yuk Sheung, spouse of Mr. Ng.

Ching Lee (Macau) has obtained and still holds a construction licence which permits it to perform construction works in Macau but has no operation and been dormant since its incorporation. As our Group only holds licences to conduct building construction works in Hong Kong and thereby will only engage in the provision of building construction services in Hong Kong, Ching Lee (Macau) falls outside the business model of our Group and therefore was not included in our Group.

With a view to distinguish Ching Lee (Macau) from our Group, an application for change of company name to Ching Wah Engineering Limited (正華工程有限公司) was filed with the Macau Commercial Registry on 18 December 2015.

### Shareholding structure immediately after the Reorganisation

The following chart sets out our corporate structure immediately after the Reorganisation but prior to the Capitalisation Issue and the [REDACTED]:



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### Capitalisation Issue

Conditional on the share premium account of our Company being credited with the proceeds from the [REDACTED], HK\$[REDACTED] will be capitalised from the share premium account of our Company and applied in paying up in full [REDACTED] new Shares for the allotment and issuance to the existing shareholder of our Company, namely JT Glory, on or before [REDACTED].

### Shareholding structure immediately after completion of the Capitalisation Issue and [REDACTED]

The following chart sets out the shareholding structure of our Group immediately after the Capitalisation Issue and the [REDACTED] (without taking into account the Shares which may be issued pursuant to the exercise of the [REDACTED] or any option which may be granted under the Share Option Scheme):

