WECON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code：1793

SHARE OFFER

Sole Sponsor

VMS鼎珮

Joint Bookrunners and Joint Lead Managers

VMS鼎珮　第一上海 First Shanghai Group　新城晉峰 Future Land Resources

Joint Lead Managers

財通國際證券有限公司 CAITONG INTERNATIONAL SECURITIES COMPANY LIMITED

金輝証券有限公司 KAM FAI SECURITIES CO.LIMITED

If you are in any doubt *about any of the contents of this prospectus, you should obtain independent professional advice.*

WECON HOLDINGS LIMITED
偉工控股有限公司

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares	**:**	**200,000,000 Shares**
Number of Public Offer Shares	**:**	**20,000,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**180,000,000 Shares (subject to reallocation)**
Offer Price	**:**	**Not more than HK$0.75 per Offer Share and expected to be not less than HK$0.625 per Offer Share plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027% (payable in full on application, subject to refund on final pricing)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**1793**

Sole Sponsor

VMS鼎珮

Joint Bookrunners and Joint Lead Managers

VMS鼎珮　第一上海 FIRST SHANGHAI GROUP　新城晉峰 FUTURE LAND RESOURCES

Joint Lead Managers

財通國際證券有限公司 CAITONG INTERNATIONAL SECURITIES COMPANY LIMITED　金輝証券有限公司 KAM FAI SECURITIES CO.LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, together with the documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission of Hong Kong nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of this prospectus or any other documents referred to above.

Investors applying for the Public Offer Shares must pay, on application, the indicative maximum Offer Price of HK$0.75 per Offer Share together with brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%, subject to refund. The Offer Price is expected to be fixed by the Price Determination Agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on or about Monday, 18 February 2019. If, for any reason, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by that date or such later date, the Share Offer will not become unconditional and will lapse. In such case, an announcement will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.wecon.com.hk. The Offer Price is expected to be not more than HK$0.75 per Offer Share and not less than HK$0.625 per Offer Share. The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, with the prior consent of our Company, reduce the indicative Offer Price range below that as stated in this prospectus at any time prior to the Price Determination Date. In such a case, a notice of the reduction in the indicative Offer Price range will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.wecon.com.hk.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Share Offer should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by notice in writing to be given by the Joint Bookrunners (for themselves and on behalf of the Underwriters) upon the occurrence of any of the events set forth in the section headed "Underwriting – Underwriting Arrangements and Expenses – Grounds for Termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Joint Bookrunners (for themselves and on behalf of the Underwriters) terminate the Underwriting Agreements, the Share Offer will not proceed and will lapse.

30 January 2019

If there is any change in the following expected timetable of the Share Offer, an announcement will be published on the website of the Stock Exchange at ***www.hkexnews.hk*** *and the website of our Company at* ***www.wecon.com.hk****.*

Date [(1)]

Public Offer commences and **WHITE** and **YELLOW** Application Forms available from . . . . . 9:00 a.m. on Wednesday, 30 January 2019

Application lists for Public Offer open[(2)] . . . . . 11:45 a.m. on Friday, 15 February 2019

Latest time for lodging **WHITE** and **YELLOW** Application Forms . . . . . 12:00 noon on Friday, 15 February 2019

Latest time to give **electronic application instructions** to HKSCC[(3)] . . . . . 12:00 noon on Friday, 15 February 2019

Application lists for Public Offer close[(2)] . . . . . 12:00 noon on Friday, 15 February 2019

Expected Price Determination Date[(4)] on or about . . . . . Monday, 18 February 2019

Announcement of (i) the final Offer Price; (ii) the indication of the level of interest in the Placing; (iii) the level of applications of the Public Offer; (iv) the basis of allocation of the Public Offer Shares; and (v) the number of Offer Shares reallocated, if any, between the Public Offer and the Placing to be published in the Company's website at **www.wecon.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk** and on or before . . . . . Tuesday, 26 February 2019

Announcement of results of allocations in the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels including the Company's website at **www.wecon.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk** (for further details, please refer to the section headed "How to Apply for Public Offer Shares – 11. Publication of results" in this prospectus) on or before . . . . . Tuesday, 26 February 2019

Results of allocations in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID/Business Registration Number" function on . . . . . Tuesday, 26 February 2019

Despatch/collection of refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications (if applicable) in case the final Offer Price is less than the maximum Offer Price paid for the applications pursuant to the Public Offer on or before[6, 7, 8 & 9] . . . . . Tuesday, 26 February 2019

Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before[5, 6, 7, 8 & 10] . . . . . Tuesday, 26 February 2019

Dealings in Shares on the Main Board expected to commence at 9:00 a.m. on . . . . . Wednesday, 27 February 2019

The application for the Public Offer will commence on Wednesday, 30 January 2019 through Friday, 15 February 2019. Such time period is longer than the normal market practice of four days. The application monies (including brokerage fee, SFC transaction levy and Hong Kong Stock Exchange trading fee) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on Tuesday, 26 February 2019. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 27 February 2019.

Notes:

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

2. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 February 2019, the application lists will not open on that day. For further details, please see the section headed "How to Apply for Public Offer Shares – 10. Effect of bad weather on the opening of the application lists" in this prospectus.

3. Applicants who apply for Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for Public Offer Shares – Giving electronic application instructions to HKSCC via CCASS" in this prospectus.

4. The Price Determination Date is expected to be on or about Monday, 18 February 2019. If, for any reason, the Offer Price is not agreed on or before Monday, 25 February 2019 between the Company and the Joint Bookrunners (for themselves on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

5. Share certificates for the Public Offer Shares are expected to be issued on or before Tuesday, 26 February 2019 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 27 February 2019 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.

6. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) and have provided all information required may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 26 February 2019 or any other day as announced by us as the date of despatch of Share certificates/refund cheques. Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

7. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms and have provided all information required may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

8. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to Apply for Public Offer Shares – 13. Despatch/collection of share certificates and refund monies" in this prospectus.

9. Refund cheques will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$0.75 per Offer Share.

10. Share certificates will only become valid certificates of title provided that (i) the Share Offer has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates, directors, officers, employees, agents or representatives, or any other person or party involved in the Share Offer.

*Information contained in our website, located at **www.wecon.com.hk**, does not form part of this prospectus.*

EXPECTED TIMETABLE i

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This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you, and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read this prospectus in its entirety including the appendices hereto before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a long-established main contractor in Hong Kong with around 35 years of experience in the construction industry and principally engage in the provision of (i) building construction services; and (ii) RMAA works services. With a total number of 177 employees as at the Latest Practicable Date and leveraging on our experience and qualifications, we provide construction services to customers in both the private and public sectors. Our building construction services primarily consist of building works for new buildings, including residential, commercial and industrial buildings, while our RMAA works services include the general upkeep, maintenance, improvement, refurbishment, alteration and addition of existing facilities and components of buildings and their surroundings. In 2017, our Group generated approximately HK$463.7 million and HK$258.4 million by performing building construction works and RMAA works, respectively, which accounted for approximately 0.4% and 0.4% of the market share, respectively.

The following table sets forth our revenue, gross profits and gross profit margins by the types of services for the Track Record Period:

	For the year ended 31 March												For the four months ended 31 July			
	2016				2017				2018				2018			
	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin	Revenue	% of total revenue	Gross profit	Gross profit margin
	HK$'000		*HK$'000*	*%*	*HK$'000*		*HK$'000*	*%*	*HK$'000*		*HK$'000*	*%*	*HK$'000*		*HK$'000*	*%*
Building construction services	207,665	49.2	12,612	6.1	463,701	64.2	27,104	5.8	817,664	83.4	52,274	6.4	276,377	81.4	15,337	5.5
RMAA works services	214,654	50.8	29,943	13.9	258,374	35.8	29,224	11.3	163,164	16.6	25,018	15.3	63,332	18.6	5,442	8.6
Total	422,319	100.0	42,555	10.1	722,075	100.0	56,328	7.8	980,828	100.0	77,292	7.9	339,709	100.0	20,779	6.1

With our extensive knowledge and experience in the construction industry, we have built strong relationships with various reputable property developers in Hong Kong and have undertaken various building construction projects with them over the past years, including the Queen's Road Central Project, the Conduit Road Project, the Electric Road Project and the Shau Kei Wan Project. In addition, leveraging on the licences and qualifications granted by different Government departments and quasi-Government organisations, we are able to tender for and carry out various types of Government and quasi-Government projects.

Besides, we take pride of our commitment in upholding effective quality, occupational health, safety and environmental management systems. We were awarded the Quality Building Award 2018 jointly by several reputable organisations and have been awarded with a number of accreditations and certifications including the ISO 14001 certificate for our environmental management system, the OHSAS 18001 certificate for our occupational health and safety management system, the ISO 50001 certificate for our energy management system and the ISO 9001 certification for our quality management system. We were also awarded the 2017 HKCA Safety Merit Award by the Hong Kong Construction Association. For further details, please refer to the section headed "Business – Certifications, awards and recognition" in this prospectus.

OUR BUSINESS MODEL AND OPERATIONS

During the Track Record Period, we had been the main contractor in all of our projects and generally subcontracted most of our works to our subcontractors under the supervision of and management by our project management team. Upon being awarded with a project by our customer, we generally divide the entire construction works to be performed into different categories depending on the trades concerned and level of expertise required, then engage suitable subcontractors whenever necessary to perform each part of the construction works. We either engage subcontractors that are nominated by our customers or from our approved list of subcontractors. As a main contractor, we are responsible for supervising the entire project where we primarily focus on the (i) overall project management and implementation of projects awarded to us; (ii) specific design and build items and technical submission; (iii) procurement of major construction materials for provision of our building construction services; (iv) coordination with the architects, engineers and design consultants of our customers; and (v) coordination and supervision of the works carried out by our subcontractors. We also monitor our subcontractors' compliance to our occupational health and safety management system and environmental management system so as to ensure that we conform to the contractual specifications and/or drawings and that projects are completed on time, within budget and in accordance with the relevant laws and regulations.

For details of the key operational procedures undertaken by our Group in relation to our projects obtained through tendering or providing quotations, please refer to the section headed "Business – Operations" in this prospectus.

OUR PROJECTS

We generally secure our projects through the submission of tenders or quotations which are not recurrent in nature. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our Group had tendered for 142, 104, 120 and 31 projects, respectively, and attained tender success rates of approximately 18.3%, 22.1%, 5.8% and 16.1%, respectively. During the Track Record Period and up to the Latest Practicable Date, we had completed eight major projects (i.e. with an awarded contract sum of HK$10.0 million or more each), which included six building construction projects and two RMAA works projects.

As at the Latest Practicable Date, our Group had ten major projects in progress (i.e. with an awarded contract sum of HK$10.0 million or more each). The following table sets forth the details of our major projects in progress as at the Latest Practicable Date:

Particulars and location of project	Public or private sector	Nature of the building	Main category of works	Expected contract period [(Note 1)]	Awarded contract sum	Revenue (including variation orders) recognised for the year ended 31 March 2016	2017	2018	Revenue (including variation orders) recognised for the four months ended 31 July 2018	Total revenue recognised during the Track Record Period	Revenue expected to be recognised for the year ending 31 March 2019	2020	Percentage of completion as at the Latest Practicable Date [(Note 5)]
					HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	%
Renovation works to Tsui Man Court at No.76 Village Road, Happy Valley, Hong Kong	Private	Residential	RMAA	September 2016 – April 2017 [(Note 2)]	16,267	–	8,374	5,277	–	13,651	4,140	– [(Note 4)]	100.0
Construction of a 27 storey composite building including 1 basement E&M floor and clubhouse floor at Nos.7-7G Victory Avenue, Hong Kong	Private	Residential and commercial	Building construction	August 2016 – May 2018 [(Note 2)]	290,100	–	37,088	183,728	36,302	257,118	76,907	1,308	98.0
Proposed industrial development at Nos.43&45 Tsun Yip Street, Hong Kong	Private	Industrial	Building construction	March 2017 – December 2018 [(Note 2)]	277,171	–	–	108,174	51,167	159,341	130,103	4,426	88.8
District term contract for the maintenance, improvement and vacant flat refurbishment for properties managed by Property Service Administration Unit / Kowloon East (1) 2017/2020 Contract No.20169096	Public	Residential and commercial	RMAA	April 2017 – March 2020	400,230	–	–	73,241	42,242	115,483	178,180	116,660	49.6
Building works term maintenance contract for shopping centres, carparks, markets and cooked-food stalls in North District, Tai Po, Sha Tin and Ma On Shan (region 2)	Private	Commercial	RMAA	October 2017 – October 2019	30,760	–	–	1,040	3,400	4,440	19,823	9,884	42.6
Building works term maintenance contract for shopping centres, carparks, markets and cooked-food stalls in Kowloon District (region 4)	Private	Commercial	RMAA	October 2017 – October 2019	23,391	–	–	426	1,447	1,873	14,344	8,622	34.1
Proposed industrial development at No. 22 Wing Kin Road, Kwai Chung, Hong Kong	Private	Industrial	Building construction	March 2018 – November 2019	508,481	–	–	9,642	59,001	68,643	308,730	182,771	46.1
Proposed composite development at N.L.I.L. 6558 Kowloon Road/Kiu Yam Street, Sham Shui Po, Kowloon, Hong Kong	Private	Residential and commercial	Building construction	April 2018 – March 2020	179,000	–	–	–	4,969	4,969	63,769	115,231	23.3
Proposed residential development at Lot No. 1181 in D.D 215, Hong Kin Road, Tui Min Hoi, Sai Kung, New Territories	Private	Residential	Building construction	455 calendar days from August 2018 to November 2019	207,600	–	–	–	–	–	99,696	107,904	22.1
Proposed residential development at T.P.T.L. 228, Fo Yin Road, Pak Shek Kok, Tai Po, New Territories	Private	Residential	Building construction	720 calendar days [(Note 3)]	1,133,000	–	–	–	–	–	12,462	479,769	–
All major projects in progress as at the Latest Practicable Date					3,066,000	–	45,462	381,528	198,528	625,518	908,154	1,026,575	

Notes:

1. The date of commencement to the date of completion as stated in the main contract or as instructed by the architect of the customer in accordance with the main contract.
2. The issue of practical completion certificate is still pending.
3. The date of commencements, which shall be upon the instruction of the architect of the customers, is still pending.
4. Based on the expected contract period as set out in the relevant contracts and to the best knowledge and belief of our Directors, no revenue will be recognised from such projects subsequent to the year ending 31 March 2020.
5. The percentage of completion as at the Latest Practicable Date is calculated based on our Group's internal record and reasonable estimation of the total work done under the relevant project up to the Latest Practicable Date divided by the awarded contract sum. The percentage is presented for illustration purpose only and subject to, among other things, our customers' certification and audit.

As at the Latest Practicable Date, our Group had (a) three major projects (i.e. with an awarded contract sum of HK$10.0 million or more each) that went beyond their respective contract periods but where revenue are still expected to be generated with the total contract sum being approximately HK$583.5 million; and (b) seven major projects in backlog (i.e. with an awarded contract sum of HK$10.0 million or more each, and either (i) within the expected contract period and in progress; or (ii) yet to commence), including four building construction projects and three RMAA works projects, where the total contract sum of such projects in backlog is approximately HK$2,482.5 million.

The following table sets forth the details of revenue (including variation orders) derived or expected to be derived from such projects in backlog:

	As at 31 March				
	2016	**2017**	**2018**	**As at 31 July 2018**	**As at the Latest Practicable Date**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total revenue attributable to backlog projects (including variation orders)					
– recognised on or before the date indicated	358,441	496,278	753,280	354,750	538,314
– yet to be recognised as at the date indicated	910,770	1,165,058	1,262,053	1,230,076	1,936,808
	1,269,211	1,661,336	2,015,333	1,584,826	2,475,123

The following table sets forth the reconciliation of the difference between the total revenue attributable to backlog projects (including variation orders) yet to be recognised and the total transaction price allocated to the remaining performance obligations as set out in Note 16 in the Accountants' Report in Appendix I to this prospectus:

	As at 31 March			
	2016	**2017**	**2018**	**As at 31 July 2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total revenue attributable to backlog projects (including variation orders) yet to be recognised as at the date indicated	910,770	1,165,058	1,262,053	1,230,076
Add:				
– Revenue attributable to projects in progress with an awarded contract sum of less than HK$10.0 million each which were yet to be recognised as at the date indicated	3,238	5,430	6,458	18,349
– Contract revenue expected to be recognised after the end of the contract period *(Note 1)*	58,896	11,752	69,119	164,267
	972,904	1,182,240	1,337,630	1,412,692
Less:				
– Work orders of certain projects yet to be issued as at the date indicated *(Note 2)*	(344,231)	–	(379,672)	(332,583)
Total transaction price allocated to the remaining performance obligations	628,673	1,182,240	957,958	1,080,109

Notes:

1. *Includes projects that went beyond their contract periods while revenue are still expected to be recognised.*

2. *The individual work orders under the DTC (1) Project, the DTC (2) Project and/or the DTC (3) Project that had not been issued as at the date indicated (but were subsequently issued) were not considered as performance obligations as at the respective dates, thus were not included in the total transaction price allocated to the remaining performance obligations as set out in Note 16 in the Accountants' Report in Appendix I to this prospectus.*

For the major projects undertaken by our Group during the Track Record Period and up to the Latest Practicable Date, the contract size ranged from approximately HK$16.3 million to approximately HK$1,133.0 million, with the average contract size being approximately HK$295.9 million, and the average duration of such projects being approximately 23 months. Our Directors confirm that our Group did not experience any material loss-making in our major projects during the Track Record Period.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, the revenue generated from the variation orders under the relevant contracts undertaken by our Group was approximately HK$7.0 million, HK$21.3 million, HK$51.2 million and HK$9.8 million, respectively, whereas the gross profit margin of the same was approximately 15.2%, 30.9%, 14.2% and 11.9%, respectively.

CUSTOMERS

During the Track Record Period, we provided building construction and RMAA works services to a large variety of customers in both the private and public sectors. In general, we are invited to tender for a potential project by our customers in the private sector by way of invitation letters, while we identify projects with the Government and quasi-Government organisations through reviewing tender invitations published on the Gazette or by way of invitation letters from certain quasi-Government organisations such as the Social Welfare Department and the Housing Authority. Our major customers include property developers, the Government, quasi-Government organisations and incorporated owners of private buildings.

The following table sets forth the breakdown of our revenue by sectors during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July	
	2016		2017		2018		2018	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Private sector projects	212,362	50.3	482,796	66.9	826,004	84.2	280,481	82.6
Public sector projects	209,957	49.7	239,279	33.1	154,824	15.8	59,228	17.4
Total	422,319	100.0	722,075	100.0	980,828	100.0	339,709	100.0

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, the percentage of our total revenue attributable to our largest customer amounted to approximately 49.5%, 33.3%, 30.0% and 35.5%, respectively, while the percentage of our total revenue attributable to our five largest customers amounted to approximately 93.6%, 97.7%, 97.1% and 95.6%, respectively. Our Directors consider that despite such customer concentration, our business model is sustainable after taking into account factors as listed out in the section headed "Business – Customers – Customer concentration" in this prospectus.

During the Track Record Period, we generally provided building construction services to customers in the private sector, whereas the Housing Authority had been our major customer in the public sector for our RMAA services.

SUBCONTRACTORS

In order to maximise our cost efficiency and utilise the expertise of other specialist contractors for different kinds of works procedures in our projects, we generally engage subcontractors to perform works in our projects which include concrete placing, steel bar fixing, formwork erection, plastering, painting, redecoration and waterproofing. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our Group had engaged over 190, 250, 250 and 190 subcontractors, respectively. For

the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our subcontracting costs amounted to approximately HK$312.6 million, HK$542.6 million, HK$785.3 million and HK$264.8 million, representing approximately 82.3%, 81.5%, 86.9% and 83.1% of our total cost of sales, respectively. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our largest subcontractor accounted for approximately 14.9%, 9.5%, 7.6% and 10.3% of our total subcontracting costs, respectively and our top five largest subcontractors accounted for approximately 52.1%, 32.7%, 25.8% and 31.1% of our total subcontracting costs, respectively.

During the Track Record Period, we provided loans to seven of our subcontractors which are interest bearing advances where the repayment of advanced sum by such subcontractors will be set off against payment for the works done by our Group to such subcontractors. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, the loans provided to such subcontractors amounted to approximately HK$44.3 million, HK$57.5 million, HK$41.9 million and HK$40.1 million, respectively. Our Group recognised interest income arising from loans to subcontractors and bank deposits of approximately HK$3.5 million, HK$4.3 million, HK$2.5 million and HK$0.8 million for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, respectively, representing approximately 69.6%, 61.6%, 42.7% and 80.5% of our other income and gains for the corresponding period, respectively.

SUPPLIERS

We generally source and purchase construction materials from our approved list of suppliers for our projects. The major construction materials for our projects include concrete and reinforcing steel bar. We usually procure materials on a project-by-project basis in accordance with the project specifications and do not keep any construction materials as our inventory. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our Group's five largest suppliers in aggregate accounted for approximately 64.1%, 60.3%, 54.8% and 88.2% of our total purchases of construction materials, respectively while our purchases from our largest supplier were approximately 24.1%, 15.4%, 18.4% and 64.8% of our total purchases of construction materials, respectively. During the Track Record Period, our major suppliers are located in Hong Kong and all of our purchases are denominated in Hong Kong dollars. Our suppliers normally grant credit period of 30 days to our Group and we generally settle our payment by way of cheque. Our Group generally maintain various suppliers for construction materials to avoid over-reliance on a single or few suppliers.

OVERLAPPING CUSTOMERS – SUPPLIERS

To the best knowledge and belief of our Directors, two of our five largest customers during the Track Record Period, namely Customer C and Customer F as referred to in the section headed "Business – Customers" in this prospectus (the "**Overlapping Customers**"), respectively, are controlled by the same controlling shareholder or otherwise affiliated or related to two of our five largest suppliers during the Track Record Period, namely Supplier C and Supplier H as referred to in the section headed " Business – Supplier" in this prospectus (the "**Overlapping Suppliers**"), respectively (collectively, the "**Customers/ Suppliers**").

During the Track Record Period, our Group provided building construction services to the Overlapping Customers and also purchased construction materials from the Overlapping Suppliers which is in accordance with the terms of the relevant contracts with the Overlapping Customers where such Overlapping Suppliers were the nominated suppliers in the relevant contracts. Our Directors confirmed that negotiations of the terms of our provision of services and purchases from the Customers/Suppliers were conducted at the same time and on a case-by-case basis with the respective terms for the construction and purchases being relevant to each other, and the salient terms of the transactions with the Customers/ Suppliers are similar to those with our other customers and suppliers, which our Directors consider are normal commercial terms. According to the Ipsos Report, such kind of overlapping of customers and suppliers relationships is a common phenomenon in the construction industry in Hong Kong.

For further details, please refer to the section headed "Business – Customers – Customers who were our suppliers during the Track Record Period" in this prospectus.

OCCUPATIONAL HEALTH AND SAFETY

We place emphasis on occupational health and safety in providing building construction and RMAA works services. We were awarded the OHSAS 18001 certificate for our occupational health and safety management system. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 and for the period from 1 August 2018 up to the Latest Practicable Date, our Group has recorded

seven, nine, six, one and three "reportable accidents" involving injuries to workers who were either employed by our Group or by our subcontractors, representing accident rates per 1,000 workers of approximately 13.8, 9.6, 9.4, 1.7 and 5.8, respectively, and fatality rates per 1,000 workers of nil, nil, nil, nil and approximately 3.9, respectively. In December 2018, a fatal accident occurred at a construction site under which Wecon Limited was engaged under the DTC(3) Project to provide RMAA works services where an employee of a subcontractor of Wecon Limited sustained fatal injury by falling from height during the course of work. For further details, please refer to the section headed "Business – Occupational health and safety – Fatal accident happened in December 2018" in this prospectus. Our Group's lost time injury frequency rates were approximately 0.6, 0.5, 0.4, 0.2 and 0.5 per 100,000 working hours for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 and for the period from 1 August 2018 and up to the Latest Practicable Date. For further details of the material personal injuries sustained by employees of our Group and our subcontractors, please refer to the section headed "Business – Litigation and potential claims" in this prospectus.

LICENCES AND QUALIFICATIONS

As at the Latest Practicable Date, we had obtained the following licences and qualifications in relation to our business in Hong Kong:–

Relevant authority/ organisation	Relevant list/category	Licence/ qualification	Holder	Year of first registration/ grant	Expiry date	Authorised contract value
Building Authority	Certificate of Registration of General Building Contractor (formerly known as "Certificate of registration of registered contractor")	–	WL	1984	18 October 2020	N/A
			WCE	2000	21 October 2020	
Hong Kong Housing Authority	Building (New Works)	Group NW1 (probationary)	WL	1990	N/A	Restricted to undertake not more than one Group NW1 contract at any one time
WBDB	Buildings category of the Contractor List	Group C (probationary)	WL	1994	N/A	A maximum of two Group C contracts provided that the total value of Group C works in any one category does not exceed HK$700 million
Hong Kong Housing Authority	Building (Maintenance works)	Group M2 (confirmed)	WL	2006	N/A	Maintenance and improvement contracts of unlimited value
Electrical and Mechanical Services Department	Certificate of Registration of Electrical Contractor	–	WCE	2012	8 January 2020	N/A
			WL	2012	8 January 2020	

For further details of our major licences and qualifications, please refer to the section headed "Business – Licences and qualifications" in this prospectus.

COMPETITIVE LANDSCAPE

According to the Ipsos Report, the overall construction works industry in Hong Kong experienced a strong growth from 2012 to 2017 due to the expenditure on public construction projects initiated by the Government. The gross output value of overall construction works performed at construction sites in Hong Kong increased from approximately HK$124.4 billion in 2012 to approximately HK$196.6 billion in 2017, at a CAGR of approximately 9.6%. The growth in gross output value is expected to decelerate due to the completion of most of the public construction projects. Nevertheless, such gross output value will be supported by the supply of public and private housing.

As of October 2018, there were 159 registered public building contractors at the Development Bureau, 42 registered public housing contractors (New Works) at the Housing Authority, and approximately 741 qualified Registered General Building Contractor. However, the top five players took up a combined market share of only 15.6%. Such facts and figures support the observation that the building construction works industry operates in a relatively fragmented market. In 2017, our Group generated approximately HK$463.7 million by performing building construction works and such figure accounted for approximately 0.4% of the market share.

The RMAA works comprise a wide range of service scope, ranging from minor alteration to structural alteration and addition. Thus, there are many players in the RMAA works industry who can perform RMAA works within their permitted scopes and sectors regulated by the licences. In 2016, the top ten RMAA companies only accounted for 20.5% of the market share. Given a large number of players present in the industry, the RMAA works industry is considered to be relatively fragmented. In 2017, our Group generated approximately HK$258.4 million by providing RMAA works and such figure accounted for approximately 0.4% of the market share.

COMPETITIVE STRENGTHS

Our Directors believe that our success is attributable to our competitive strengths, which include (i) a strong and reliable client base with an established track record and reputation in the construction industry for around 35 years; (ii) possession of a wide range of qualifications to capture business opportunities; (iii) established long term relationship with subcontractors and suppliers; (iv) experienced and professional management teams; and (v) commitment to maintain safety standard, quality control and environmental protection. For further details, please refer to the section headed "Business – Competitive strengths" in this prospectus.

BUSINESS STRATEGIES

We intend to strengthen our market position and increase our market share by pursuing the strategies which include (i) the continuance to strengthen our market position in the industry and expand our market share in Hong Kong; (ii) the continuance to strengthen our manpower; (iii) the development of engineering and technological innovation to improve our operational efficiency and enhance our quality of service; and (iv) the adherence to prudent financial management to ensure sustainable growth and capital sufficiency. For further details, please refer to the section headed "Business – Business strategies" in this prospectus.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme), our Company will be held as to 75% by Mr. KY Tsang through Triple Arch. As Triple Arch and Mr. KY Tsang are directly or indirectly entitled to exercise or control the exercise of 30% or more of the voting power of general meetings of our Company immediately following the Listing, they are a group of Controlling Shareholders of the Company and each of Triple Arch and Mr. KY Tsang shall be regarded as a Controlling Shareholder under the Listing Rules. For further details, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

SUMMARY OF KEY FINANCIAL INFORMATION

The following tables are the summaries of our Group's combined results for the Track Record Period, which were extracted from the Accountants' Report as set out in Appendix I to this prospectus.

Summary of combined statements of profit or loss and other comprehensive income

	Year ended 31 March			Four months ended 31 July
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	422,319	722,075	980,828	339,709
Cost of sales	(379,764)	(665,747)	(903,536)	(318,930)
• Subcontracting costs	(312,573)	(542,591)	(785,315)	(264,847)
• Direct staff costs	(31,045)	(49,214)	(48,699)	(16,398)
• Site overhead	(21,930)	(24,518)	(27,236)	(8,929)
• Material costs	(14,216)	(49,424)	(42,286)	(28,756)
Gross profit	42,555	56,328	77,292	20,779
Profit before tax	23,713	38,114	50,303	4,795
Profit for the year/period attributable to equity holders of the Company	20,208	31,818	41,407	3,493

Summary of combined statements of financial position

	Year ended 31 March			Four months ended 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	23,039	15,705	5,619	7,174
Current assets	188,493	361,044	332,113	354,892
Current liabilities	135,606	268,918	196,975	266,809
Net current assets	52,887	92,126	135,138	88,083
Total assets less current liabilities	75,926	107,831	140,757	95,257
Non-current liabilities	8,870	8,957	476	1,483
Net assets	67,056	98,874	140,281	93,774

Summary of combined statements of cash flows

	Year ended 31 March			Four months ended 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Operating cash flows before movements in working capital	21,869	34,289	48,907	4,643
Net cash flows from/(used in) operating activities	12,492	(4,030)	72,778	31,999
Net cash flows from/(used in) investing activities	1,486	(3,825)	25,769	593
Net cash flows from/(used in) financing activities	(5,488)	9,114	(86,944)	(13,785)
Net increase/(decrease) in cash and cash equivalents	8,490	1,259	11,603	18,806
Cash and cash equivalents at beginning of year/period	39,045	47,535	48,794	60,397
Cash and cash equivalents at end of year/period	47,535	48,794	60,397	79,203

Selected key financial ratios

	Year ended 31 March			Four months ended 31 July
	2016	2017	2018	2018
Gross profit margin	10.1%	7.8%	7.9%	6.1%
Net profit margin	4.8%	4.4%	4.2%	1.0%
Gearing ratio *(Note)*	22.5%	26.3%	N/A	49.4%
Current ratio	1.4 times	1.3 times	1.7 times	1.3 times
Return on equity	30.1%	32.2%	29.5%	N/A
Return on assets	9.6%	8.4%	12.3%	N/A

Notes: The gearing ratio is calculated by dividing total bank borrowings, bank overdrafts and obligation under a finance lease with total equity as at the end of respective periods multiplied by 100%.

For further details and analysis of our financial information, please refer to the section headed "Financial Information" in this prospectus.

RECENT DEVELOPMENT

Our business model, revenue structure and cost structure basically remain unchanged subsequent to the Track Record Period and up to the Latest Practicable Date. Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on our principal business of the provision of building construction and RMAA works services in Hong Kong, with four building construction projects and three RMAA works projects in our backlog. As at the Latest Practicable Date, our Directors are of the view that all existing projects on hand have continued to contribute revenue to our Group and our Directors do not note any material interruption of progress works, material delay or any other exceptional situation for such existing projects.

We had ten major projects in progress (i.e. with an awarded contract sum of HK$10.0 million or more each which includes (i) seven major projects in backlog with the total awarded contract sum of approximately HK$2,482.5 million; and (ii) three projects with the total contract sum of approximately HK$583.5 million that went beyond their respective contract period but where revenue are still expected to be generated as at the Latest Practicable Date) with an aggregate awarded contract sum of approximately HK$3,066.0 million, of which approximately HK$625.5 million had been recognised as revenue during the Track Record Period. It is currently expected that approximately HK$908.2 million under such projects in progress will be recognised as revenue during the year ending 31 March 2019. Of these ten projects, (i) eight projects have commenced during the Track Record Period and continued to contribute revenue to our Group substantially in the amount and schedule as expected subsequent to the Track Record Period and up to the Latest Practicable Date; and (ii) the remaining two projects with an aggregate awarded contract sum of approximately HK$1,340.6 million were either in pre-site work stage or yet to commence and had not generated notable revenue (if any) as at the Latest Practicable Date. For the reasonable estimation of the percentage of completion of our major projects in progress up to the Latest Practicable Date, please refer to the section headed "Business – Our projects – Projects in progress as at the Latest Practicable Date" in this prospectus.

Subsequent to the Track Record Period, our Group has tendered for 13 building construction projects and 42 RMAA works projects, of which two and 24 tenders for building construction projects and RMAA works projects were being rejected, respectively, and the tender results for the remaining projects were still pending. Among these newly tendered projects, two building construction projects have tender value of approximately HK$800.1 million and HK$450.0 million, respectively, and required the provision of surety bonds in the amount of approximately HK$46.9 million and HK$45.0 million, respectively. The 18 RMAA works projects we tendered for (with results pending as at the Latest Practicable Date) have total tender value of approximately HK$95.5 million. Our Group was also recently awarded with the Pak Shek Kok Project with an awarded contract sum of approximately HK$1,133.0 million regarding a residential development in Tai Po, New Territories subsequent to the Track Record Period in September 2018.

Based on our management accounts for the four months ended 30 November 2018, the monthly average revenue for the four months ended 30 November 2018 was higher than the monthly average revenue for the year ended 31 March 2018, and the net assets as at 30 November 2018 was higher than that as at 31 July 2018. We expect our net profit for the year ending 31 March 2019 may decrease as compared to our net profit for the year ended 31 March 2018, which is primarily due to a significant non-recurring amount of listing-related expenses in connection with the Share Offer. Excluding the impact of the listing expenses, we expect that our net profit and gross profit margin for the year ending 31 March 2019 will remain stable compared to that for the year ended 31 March 2018, respectively.

Save as disclosed in the paragraph headed "Listing expenses" in this section, our Directors confirmed that since 31 July 2018 (being the date to which the latest audited combined financial statement of our Group were prepared) and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that materially and adversely affect our financial and operating position; (ii) there was no material adverse change in the business operations and financial position or prospect of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants' Report set out in Appendix I in this prospectus.

LISTING EXPENSES

The total listing expenses in connection with the Share Offer is estimated to be approximately HK$30.3 million, based on the mid-point of the indicative Offer Price range stated in this prospectus, of which approximately HK$13.6 million is directly attributable to the issue of the Share Offer and to be

accounted for as a deduction from equity, approximately HK$4.6 million and HK$5.7 million were charged to combined statements of profit and loss and other comprehensive income of our Group for the year ended 31 March 2018 and the four months ended 31 July 2018 respectively, and approximately HK$6.4 million is to be charged after the Track Record Period.

FUTURE PLANS AND USE OF PROCEEDS

Reasons for the Share Offer

In light of the expected continued growth of the construction industry in the near future and the availability of various business opportunities to our Group (including, without limitation, invitations by various reputable property developers in Hong Kong to submit tender for sizeable projects of individual tender value exceeding HK$550 million), our Directors believe that equity fundraising through the Share Offer would provide us with the capital necessary for carrying out our long term development plan and hence support our growth.

Moreover, our Directors consider our Group to have prudent and genuine funding needs to finance our projects and capture new further business opportunities having considered that our Group currently relies heavily on our operating cash flows to fund our day-to-day operations and may not have sufficient surplus cash to support our planned expansion. As at the Latest Practicable Date, our Group was awarded with building construction projects in the private sector including the Sai Kung Project, the Kwai Chung Project and the Pak Shek Kok Project with awarded contract sums of approximately HK$207.6 million, HK$508.5 million and HK$1,133.0 million, respectively. Based on the reasonable estimation of our Directors having due regard to the experience in our historical building construction projects, we have reserved approximately HK$39.0 million as working capital for the ongoing operations of our existing projects, including the Sai Kung Project and the Kwai Chung Project. Our Directors also reasonably estimate that we would be required to pay upfront costs (including cost of the required surety bond) and working capital in the range of approximately HK$45.3 million to HK$158.6 million for the Pak Shek Kok Project. Considering our cash and bank balances of approximately HK$66.3 million and HK$40.0 million as at 31 July 2018 and 30 November 2018, respectively, and our unutilised and available bank facilities of approximately HK$148.0 million as at 30 November 2018, our existing financial resources are heavily committed to our existing projects and newly awarded projects. Furthermore, our gearing ratio would increase significantly if we fully utilise the available bank facilities as at 30 November 2018 and further enter into new bank borrowings to financially support our existing projects, newly awarded projects and further new projects to be potentially awarded having considered the 11 building construction projects currently under tender with results pending as at the Latest Practicable Date. Our Directors are of the view that having a high gearing ratio would result in our Group having less attractive financing terms offered by banks and other financial institutions, as well as being rated less favourably by the customers when they assess our financial condition during the evaluation of tender submissions, hence would greatly prohibit our Group from expanding our scale of operations and in maintaining and enhancing our market position in the industry. Notwithstanding the above, as a private group of companies and given that we have limited fixed self-owned properties save for a workshop unit which has an estimated current market value of approximately HK$4 million, our Directors reasonably believe that it is relatively impracticable for us to obtain significant bank borrowings at commercially justifiable terms, or at all, without heavy reliance on personal guarantees and/or other form of collaterals provided by our Controlling Shareholders.

With the net proceeds from the Share Offer, we will have the necessary financial resources to undertake more sizeable projects since we will have sufficient financial resources to, among others, (i) satisfy the upfront costs and working capital requirements (including, without limitation, engagement of subcontractors, payment of construction material costs and possible delay in payment from our customers) for the projects and hence preventing us from suffering from cash flow shortcomings; (ii) provide surety bonds for our projects with our customers in the private sector; and (iii) strengthen our manpower and technological systems to enhance our capability and operational efficiency. For further details, please refer to the section headed "Future Plans and Use of Proceeds – Reasons for the Share Offer and use of proceeds" in this prospectus.

Use of Proceeds

We intend to apply the net proceeds to be raised from the Share Offer, after deducting related underwriting fees and estimated expenses to be borne by our Company in connection with the Share Offer and an Offer Price of HK$0.6875, being the mid-point of the indicative Offer Price range, of approximately HK$107.2 million as follows:

	From the Latest Practicable Date to 31 March 2019 *(HK$'000)*	For the six months ending 30 September 2019 *(HK$'000)*	For the six months ending 31 March 2020 *(HK$'000)*	For the six months ending 30 September 2020 *(HK$'000)*	For the six months ending 31 March 2021 *(HK$'000)*	For the six months ending 30 September 2021 *(HK$'000)*	For the six months ending 31 March 2022 *(HK$'000)*	For the six months ending 30 September 2022 *(HK$'000)*	Total *(HK$'000)*	Approximate Percentage *(%)*
Continue to strengthen our capacity in undertaking more building construction and RMAA works projects in Hong Kong	5,985	29,300	29,300	11,969	–	–	–	–	76,554	71.4
Continue to strengthen our manpower	587	2,583	2,583	2,660	2,660	2,715	2,715	–	16,503	15.4
Upgrade and renovation of our office	615	863	463	463	471	510	510	255	4,150	3.9
Develop engineering and technological innovation	1,706	1,403	216	–	–	–	–	–	3,325	3.1
General working capital	2,231	2,231	2,231	–	–	–	–	–	6,693	6.2
Total	11,124	36,380	34,793	15,092	3,131	3,225	3,225	255	107,225	100.0

For further details, please refer to the section headed "Future Plans and Use of Proceeds – Use of proceeds" in this prospectus.

DIVIDEND POLICY

During the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 and since 31 July 2018 and up to the Latest Practicable Date, dividends of nil, nil, nil, HK$50.0 million and nil, respectively, were declared by the Board and distributed to the then shareholder and were settled in full.

Following completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and amount of dividends declared by our Board will depend upon our Group's (a) overall results of operation; (b) financial position; (c) capital requirements; (d) shareholders' interests; (e) future prospects; and (f) other factors which our Board deems relevant. Prospective investors should note that historical dividend distributions are not indicative of our future dividend distribution and there is no guarantee that dividends will be paid in the future. After completion of the Share Offer, our Directors' priority will be to retain earnings in order to facilitate capital growth and expansion of our Group. We expect to pay not less than 30% of our distributable net profit for the year ending 31 March 2019 as dividends. However, we cannot guarantee that we will be able to make any dividend distributions in the aforesaid proportion of net profit or at all in any future year beyond 2019.

SHARE OFFER STATISTICS

Market capitalisation at the Listing:	HK$500.0 million to HK$600.0 million
Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer:	800,000,000 Shares
Offer size:	25% of the enlarged issued share capital of our Company
Offer Price:	HK$0.625 to HK$0.75 per Offer Share
Number of Public Offer Shares:	20,000,000 Shares (subject to reallocation)
Number of Placing Shares:	180,000,000 Shares (subject to reallocation)
Unaudited pro forma adjusted combined net tangible assets per Share:	HK$0.25 to HK$0.28

NON-COMPLIANCE AND LITIGATION

During the Track Record Period, we were involved in three material non-compliance matters in relation to non-compliance with certain conditions and terms of Government leases and occupation permits with respect to prescribed land use regarding our leased property in Kwai Chung and Yuen Long, Hong Kong, and failure to submit written notice to the Inland Revenue Department before commencement of employment of our Group's employees. For details of such non-compliance matters and the rectification measures taken, please refer to the section headed "Business – Non-compliance" in this prospectus.

Besides, we have been or is involved in a number of claims, litigations and potential claims against our Group regarding employees' compensation and personal injury during the Track Record Period and as at the Latest Practicable Date. For details of such claims, litigations and potential claims against our Group, please refer to the section headed "Business – Litigation and potential claims" in this prospectus.

RISK FACTORS

There are certain risks relating to our operations which could harm our business, financial condition and operating results. Some of the relatively material risks relating to our Group include: (i) our revenue relies on our contracts being awarded through tendering or quotation processes which are not recurrent in nature. There is no guarantee on our continual success in project tenders or quotation and our sustainability and financial performance may be materially and adversely affected; (ii) we are exposed to concentration risk of heavy reliance on our largest and major customers; (iii) we rely on our subcontractors to perform generally most of the works of our projects; any fluctuations in subcontracting costs, unsatisfactory performance or unavailability of our subcontractors may materially and adversely affect our operations and profitability; (iv) we may suffer from cash flow shortcomings due to mismatch in time between receipt of progress payments from our customers, and payments to our suppliers and subcontractors; (v) changes in the prices and availability of raw materials may materially and adversely affect our operating results; and (vi) we provide surety bonds in the course of our business operations which could affect our liquidity position. For detailed discussion of the risk factors, please refer to the section headed "Risk Factors" in this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"ACI"	Accredited Certification International Limited
"affiliate(s)"	any person(s), directly or indirectly, controlling, controlled by or under direct or indirect common control with another person(s)
"Application Form(s)"	**WHITE** application form(s) and **YELLOW** application form(s) or, where the context so requires, any of them to be used in connected with the Public Offer
"Argyle Street Project"	A building construction project in relation to the construction of a residential development at No.102 Argyle Street, Hong Kong
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company, conditionally adopted on 21 January 2019 and to take effect on the Listing Date, as supplemented, amended or otherwise modified from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	our board of Directors
"Buildings Department"	the Buildings Department of the Government
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of 599,999,895 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed "Statutory and General Information – A. Further information about our Group – 5. Written resolutions of our sole Shareholder passed on 21 January 2019" in Appendix IV to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practises, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or the "PRC"	the People's Republic of China and, except where the context otherwise requires and only for the purpose of this prospectus, references to China or the PRC exclude Hong Kong, the Macau Special Administrative Region and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Law" or "Cayman Companies Law"	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Wecon Holdings Limited (偉工控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 23 March 2018
"Conduit Road Project"	A building construction project in relation to the construction of a residential development at No.53 Conduit Road, Hong Kong
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and, in the context of our Company, means Triple Arch and Mr. KY Tsang

"Deed of Indemnity"	the deed of indemnity dated 21 January 2019 and executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), particulars of which are set out in the paragraph headed "Statutory and General Information – E. Other Information – I. Tax and other indemnities" in Appendix IV to this prospectus
"Deed of Non-competition"	the deed of non-competition undertakings dated 21 January 2019 executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed "Relationship with Controlling Shareholders – Non-competition Undertakings" in this prospectus
"Development Bureau"	Development Bureau of the Government
"DTC (1) Project"	An RMAA works project in relation to the maintenance, improvement and vacant flat refurbishment for properties managed by Property Services Administration Unit/Kowloon East (1) 2014/2017 Contract No.20139425
"DTC (2) Project"	An RMAA works project in relation to the maintenance, improvement and vacant flat refurbishment for properties managed District Maintenance Offices/Kowloon East (1) 2014/2017 Contract No.20139430
"DTC (3) Project"	An RMAA works project in relation to the maintenance, improvement and vacant flat refurbishment for properties managed by Property Services Administration Unit/Kowloon East (1) 2017/2020 Contract No.20169096
"Electric Road Project"	A building construction project in relation to the construction of a residential and commercial development at Nos.133-139 Electric Road, Hong Kong
"EMSD"	Electrical and Mechanical Services Department of the Government
"FIUO"	Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Fanling Project"	A building construction project in relation to the construction of a residential and commercial development at F.S.S.T.L. 255 J/O Luen Hing Street, Wo Fung Street and Luen Shing Street, Hong Kong
"Gazette"	the official publication of the Government for, among other things, statutory notices for public tenders

"GDP"	gross domestic product
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"Government"	the government of Hong Kong
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries at the relevant time or, where the context refers to any time prior to our Company becoming the holding company of our present subsidiaries, such subsidiaries and the business carried on by such subsidiaries or (as the case may be) our predecessors, and "we", "our" or "us" shall be construed accordingly
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKQAA"	Hong Kong Quality Assurance Agency
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollar(s)" or "HK$"	Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, our Hong Kong branch share register and transfer office
"Housing Authority"	Hong Kong Housing Authority of the Government
"Housing Society"	Hong Kong Housing Society
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of our Company, our subsidiaries or any of their respective associates
"Internal Control Consultant"	RSM Consulting (Hong Kong) Limited, the independent internal control consultant engaged by our Company

"Ipsos"	Ipsos Limited, the independent market research agency engaged by our Company to prepare the Ipsos Report
"Ipsos Report"	the market research report prepared by Ipsos
"Joint Bookrunners"	VMS Securities, First Shanghai Securities Limited and Future Land Resources Securities Limited
"Joint Lead Managers"	VMS Securities, First Shanghai Securities Limited, Future Land Resources Securities Limited, Caitong International Securities Co., Limited and Kam Fai Securities Company Limited
"Kowloon District Project"	An RMAA works project in relation to building works maintenance for shopping centres, carparks, markets and cooked-food stalls in Kowloon District (region 4)
"Kwai Chung Project"	A building construction project in relation to the proposed industrial development at No.22 Wing Kin Road, Kwai Chung, Hong Kong
"Kwun Tong Project"	A building construction project in relation to the construction of an industrial development at Nos.43&45 Tsun Yip Street, Hong Kong
"Latest Practicable Date"	21 January 2019, being the latest practicable date for ascertaining certain information contained in this prospectus prior to the printing of this prospectus
"Legal Counsel"	Ms. Queenie W.S. Ng, Barrister-at-law of Hong Kong
"Listing"	the listing and the commencement of dealings of our Shares on the Main Board
"Listing Date"	the date on which our Shares are listed and Shares first commence on the Main Board, which is expected to be on Wednesday, 27 February 2019
"Listing Division"	the Listing Division of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange

"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company conditionally adopted on 21 January 2019, and to take effect on the Listing Date, as supplemented, amended or otherwise modified from time to time
"Mr. Jerry Tsang"	Mr. Tsang Tsz Kit Jerry (曾梓傑先生), an executive Director
"Mr. KY Tsang"	Mr. Tsang Ka Yip (曾家葉先生), Chairman of our Board, our chief executive officer, an executive Director and one of our Controlling Shareholders
"Mr. Philip Tsang"	Mr. Tsang Tsz Him Philip (曾梓謙先生), an executive Director
"Multiland"	Multiland Inc., a company incorporated in the BVI with limited liability on 11 March 1997 and is wholly-owned by New Pacific
"New Pacific"	New Pacific Limited, a company incorporated in the BVI on 18 July 1990, the trustee of New Pacific Trust
"New Pacific Trust"	the family trust established on 24 October 1990 in the form of unit trust with New Pacific acting as trustee and the entire trust units of which is beneficially owned by Mr. KY Tsang
"North District Project"	An RMAA works project in relation to building works maintenance for shopping centres, carparks, markets and cooked-food stalls in North District, Tai Po, Sha Tin and Ma On Shan (region 2)
"OSHO"	Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Offer Price"	the final offer price per Offer Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) which will not be more than HK$0.75 per Offer Share and is expected to be not less than HK$0.625 per Offer Share, such price to be determined in the manner as further described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Offer Share(s)"	the Placing Shares and the Public Offer Shares
"Pak Shek Kok Project"	A building construction project in relation to the construction of a residential development at T.P.T.L. 228, Fo Yin Road, Pak Shek Kok, Tai Po, New Territories

"Placing"	the conditional placing of the Placing Shares at the Offer Price to professional, institutional and other investors as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus
"Placing Shares"	the 180,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Placing (subject to re-allocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus)
"Placing Underwriters"	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
"Placing Underwriting Agreement"	the placing agreement relating to the Placing and to be entered into between, amongst others, our Company, our executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners and the Placing Underwriters on or about the Price Determination Date
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
"Price Determination Agreement"	the agreement to be entered into by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, which is expected to be on or around Monday, 18 February 2019, on which the Offer Price is to be fixed by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company for the purposes of the Share Offer
"Principal Share Registrar and Transfer Office"	Conyers Trust Company (Cayman) Limited
"Public Offer"	the offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and on the Application Forms
"Public Offer Shares"	the 20,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer (subject to re-allocation as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus)

"Public Offer Underwriters"	the underwriters listed in the section headed "Underwriting – Public Offer Underwriters" in this prospectus, being the underwriters of the Public Offer
"Public Offer Underwriting Agreement"	the public offer underwriting agreement dated Tuesday, 29 January 2019 relating to the Public Offer entered into between, amongst others, our Company, our executive Directors, the Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, details of which are summarised in the section headed "Underwriting" in this prospectus
"Queen's Road Central Project"	A building construction project in relation to the construction of a commercial development at Nos.76-82 Queen's Road Central and Nos. 23-29 Stanley Street, Hong Kong
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the corporate reorganisation of our Group prior to the issue of this prospectus, details of which are set out in the section headed "History, Reorganisation and Corporate Structure" in this prospectus
"Richill Properties"	Richill Properties Limited (裕升置業有限公司), a company incorporated in Hong Kong with limited liability on 23 July 1999, with 50% of the issued share capital held by each of Top World and Ms. Lai Yuk Lin, Eliza
"RMB"	Renminbi, the lawful currency of the PRC
"Sham Shui Po Project"	A building construction project in relation to the construction of a residential and commercial development at N.L.I.L. 6558 Kowloon Road/Kiu Yam Street, Sham Shui Po, Kowloon, Hong Kong
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Sai Kung Project"	A building construction project in relation to the construction of a residential development at Lot No. 1181 in D.D 215, Hong Kin Road, Tui Min Hoi, Sai Kung, New Territories
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of our Company

"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Placing and the Public Offer
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 21 January 2019, the principal terms of which are summarised in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus
"Shau Kei Wan Project"	A building construction project in relation to the construction of a residential and commercial development at No.163 Shaukeiwan Road, Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"subsidiary(ies)"	has the meaning ascribed to it under the Companies Ordinance
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tax Adviser"	Russell Bedford Hong Kong, the independent tax adviser engaged by our Company
"Top World"	Top World Capital Limited, a company incorporated in the BVI with limited liability on 13 June 1996 and is wholly-owned by New Pacific
"Track Record Period"	the period comprising the three financial years ended 31 March 2018 and the four months ended 31 July 2018
"Triple Arch"	Triple Arch Limited, a company incorporated in the BVI with limited liability on 15 February 2018 and one of our Controlling Shareholders
"Tsui Man Court Project"	An RMAA project in relation to the renovation works to Tsui Man Court at No. 76 Village Road, Happy Valley, Hong Kong
"Underwriters"	collectively, the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	collectively, the Public Offer Underwriting Agreement and the Placing Underwriting Agreement

"United States" or "US"	the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"Victory Avenue Project"	A building construction project in relation to the construction of a residential and commercial development at Nos.7-7G Victory Avenue, Hong Kong
"VMS Securities" or "Sole Sponsor"	VMS Securities Limited, a corporation licenced under the SFC and permitted to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the sole sponsor, one of the Joint Bookrunners and Joint Lead Managers, and an Underwriter to the Listing
"Wecon Limited" or "WL"	Wecon Limited (偉工有限公司), a company incorporated in Hong Kong with limited liability on 30 April 1974 and an indirect wholly-owned subsidiary of our Company
"WCE"	Wecon Construction & Engineering Limited (偉工建築有限公司), (formerly known as "Fort Capital Company Limited") a company incorporated in Hong Kong with limited liability on 20 April 1990 and an indirect wholly-owned subsidiary of our Company
"WCML"	Wecon Construction Management Limited (偉工綜合建設有限公司), a company incorporated in Hong Kong with limited liability on 4 January 1994, with 0.001% of its issued share capital held by WCE and 99.999% held by Top World immediately before the Reorganisation.
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant's or applicants' own name
"WBDB"	the Works Branch of the Development Bureau (發展局工務科) of the Government, or where the context refers to any time prior to its establishment, the relevant predecessor government secretaries or department which undertook such public function
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Public Offer Share to be deposited directly into CCASS
"%"	per cent

All dates and times refer to Hong Kong dates and time.

In this prospectus, the terms "connected person", "core connected person", "connected transaction", "substantial shareholder" and "significant shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This glossary contains explanation of certain terms used in this prospectus in connection with our Company and our business. The terminologies and their given meanings may not correspond to the standard meanings or usage of such terms adopted in the industry.

"BIM"	an acronym for Building Information Modeling, a process of designing a facility collaboratively using a coherent system of computer models
"Contractor List"	the Contractor List for Public Works (認可公共工程承建商名冊), which comprises contractors who are approved by the Development Bureau for carrying out works in one or more of the five major categories of building and civil engineering works, i.e. "Building", "Port Works", "Roads & Drainage", "Site Formation" and "Waterworks"
"DTC"	district term maintenance contracts appointed by the Housing Department of the Government
"ISO"	a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ISO 14001"	an internationally recognised standard for the environmental management of businesses which aims at recognising the desirable behaviour of businesses concerning the environment and prescribes controls for an encompassing range of corporate activities which include the use of natural resources, handling and treatment of waste and energy consumption
"ISO 50001"	an internationally recognised standard for energy management systems which enables a company to follow a systematic approach in achieving continual improvement of energy performance, including energy efficiency, energy use and consumption
"ISO 9001"	an internationally recognised standard for a quality management system which aims at the effectiveness of the quality management system in meeting customer requirements and prescribes requirements for ongoing improvement of quality assurance in design, development, production, installation and servicing

"main contractor"	a contractor who enters into a contract directly with the employer of a project, and assumes full responsibility for the satisfactory completion of the construction work. A main contractor operating at construction sites must be registered under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) for the capability and responsibility of undertaking new construction work, and in case of government works, approved by the WBDB
"OHSAS"	an acronym for Occupational Health and Safety Management Systems, which provides a framework for organisations to identify and control its occupational risks and to improve their occupational safety and health performance
"OHSAS 18001"	an internationally recognised specification for Occupational Health and Safety Management Systems which specifies requirements for an occupational health and safety management system to enable an organisation to develop and implement a policy and objectives which take into account legal requirements and information about occupational risks and to improve their occupational safety and health performance
"Registered General Building Contractor"	a contractor whose name is entered into the register of general building contractors allowed by the directors of the Buildings Department pursuant to the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)
"RMAA"	repair, maintenance, alteration and addition to an existing structure
"superstructure"	the upper portion of the structure which is usually located above the ground level and serves the purpose of the intended use of the structure such as residential, commercial etc.

Our Company has included in this prospectus forward-looking statements that are not historical facts, but relate to our Group's intentions, beliefs, expectations or predictions for future event and conditions which may not occur. These forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", and "Financial Information", which are, by their nature, subject to risks and uncertainties.

In some cases, you can identify these forward-looking statements by words such as "aim", "anticipate", "believe", "continue", "could", "expect", "intend", "may", "might", "plan", "predict", "seek", "should", "will", "would" or similar expressions or their negatives. These forward-looking statements include, without limitation, statements relating to:

- our Group's business objectives, implementation plans and use of proceeds;
- the amount and nature of, potential for, future development of our Group's business;
- our Group's operation and business prospects;
- our Group's dividend policy;
- the regulatory environment of our Group's industry in general;
- the future development and trends in our Group's industry; and
- risks identified under the section headed "Risk Factors" in this prospectus.

Our Directors confirm that these forward-looking statements are made after due and careful consideration.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our Group's control. In addition, these forward-looking statements reflect our Group's current views with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, without limitation, those discussed under the section headed "Risk Factors" in this prospectus.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our Group's control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

In addition to other information in this prospectus, you should carefully consider the following risk factors before making an investment in the Shares. Our business, operation, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or which we currently deem immaterial may arise or become material in the future and may have a material effect on us.

RISKS RELATING TO OUR BUSINESS

Our revenue relies on our contracts being awarded through tendering or quotation processes which are not recurrent in nature. There is no guarantee on our continual success in project tenders or quotations and our sustainability and financial performance may be materially and adversely affected.

During the Track Record Period and up to the Latest Practicable Date, our revenue was derived from contracts regarding the provision of building construction and RMAA works services in Hong Kong which were awarded to us through tenders or quotations submitted. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our success rate in respect of acceptance of our tenders and quotations for our projects was approximately 18.3%, 22.1%, 5.8% and 16.1%, respectively. For further details with regard to the fluctuation in our tender success rate, please refer to the section headed "Business – Our Projects – Tenders submitted during the Track Record Period and up to the Latest Practicable Date" in this prospectus.

Our future development and success will depend on our ability to continue to secure tender and award of contracts. We do not have long-term commitment with our customers. There is no guarantee that our existing customers will continue to invite us for tendering or award us with new contracts in the future, or that we will be successful in tendering or quotation process with new customers. As such, we are unable to forecast the number of projects we may secure in the future. Our revenue may fluctuate from period to period depending on the actual volume of our business. If we fail to secure projects in the tendering or quotation process, our business, results of operations, sustainability and future prospects would be materially and adversely affected.

We are exposed to concentration risk of heavy reliance on our largest and major customers.

A significant portion of our revenue was derived from a limited number of customers during the Track Record Period. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our five largest customers in aggregate accounted for approximately 93.6%, 97.7%, 97.1% and 95.6% of our total revenue, respectively. For the same period, our largest customer accounted for approximately 49.5%, 33.3%, 30.0% and 35.5% of our total revenue, respectively.

During the Track Record Period, we entered into legally binding service contracts with our customers on a project-by-project basis upon our customers having awarded the project to our Group, and we did not enter into any long-term contracts with any of our customers. There is no assurance that we will continue to obtain contracts from our major customers in the future. If there is a significant decrease in the number of projects awarded by our major customers, and we are unable to secure suitable projects of a comparable size

and quantity as replacements from other customers, our financial condition and results of operation would be materially and adversely affected. In addition, if our major customers experience any liquidity problem, this may result in the delay or default of payments to us, which in turn would materially and adversely affect our business, financial positions and prospects. We cannot guarantee that we will be able to diversify our customer base by obtaining significant number of new projects from our existing and potential customers.

We may suffer from cash flow shortcomings due to mismatch in time between receipt of progress payments from our customers, and payments to our suppliers and subcontractors.

As a main contractor, we generally pay the start-up costs, such as subcontracting costs and costs of construction materials, in the early stage of a project while our customers generally make progress payments in accordance with the completion progress of the project without any advance payment, in accordance with the terms of the relevant contract. As such, we may incur net cash outflows at the early stage of our projects and may suffer from cash flow shortcomings. The extent of the cash flow mismatch could also be illustrated by the differences between our trade payables turnover days and trade receivable turnover days. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our trade payable turnover days were approximately 28 days, 30 days, 31 days and 26 days respectively while our trade receivables turnover days were approximately 32 days, 44 days, 52 days and 46 days respectively, which are further discussed in the section headed "Financial Information" in this prospectus.

As at 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our cash and bank balances (including time deposits) were approximately HK$47.5 million, HK$48.8 million, HK$60.4 million and HK$79.2 million, respectively, whereas our trade payables amounted to approximately HK$26.2 million, HK$83.7 million, HK$71.9 million and HK$66.0 million, respectively. Should our customers fail to settle the progress payments in time, we may not have sufficient cash as expected to meet our payment obligations in relation to costs incurred in our projects.

Should the above circumstance happens, we may breach our contractual obligations in relation to the settlement of subcontracting costs and our subcontractors may refuse to continue on the works that they have been subcontracted with. In addition, we may not have sufficient financial resources to procure the necessary construction materials to complete our projects on time or at all. Both of the above may result in the breaching of our contractual obligations in relation to projects that we have undertaken. As a result, our business operations, financial position and results of operations may be materially and adversely affected.

We recorded negative operating cash flows for the year ended 31 March 2017.

We recorded net cash used in operating activities of approximately HK$4.0 million for the year ended 31 March 2017 primarily due to (i) the increase in trade and retention payables mainly arising from the amounts payable to our subcontractors and suppliers of construction materials under the Queen's Road Central Project and the amounts withhold from progress payments to our subcontractors under the Victory Avenue Project; and (ii) the increase in other payables and accruals mainly arising from the increase in accrued contract expenses in the Queen's Road Central Project and the increase in accrued subcontracting fees in the DTC (1) Project. For details of our cash flows, please refer to the section headed "Financial Information – Liquidity and capital resources – Cash flow" in this prospectus. There is no guarantee that we will not record negative operating cash flows again in the future. If our operating cash flows remain negative

in the future and that we are unable to obtain adequate funds from external resources on satisfactory terms or at all to fund our operations, our business, results of operations and financial condition may be materially and adversely affected.

Any material underestimation of our tender or quotation price or overruns of our actual costs may materially and adversely affect our financial condition and results of operations.

We adopt a cost-plus pricing model in setting our tender or quotation price. When determining our tender price, we generally add the desired profit margin on the estimated project costs submitted by the estimator of our contracts department, taking into account various factors including the (i) nature, scope and complexity of the project; (ii) estimated direct labour costs; (iii) estimated subcontracting costs; (iv) estimated type and number of machinery required; (v) estimated type and amount of construction materials needed; (vi) expected project timeframe provided by our customer; (vii) prevailing market condition; and (viii) relationship with and background of our customer. For further details of the factors we take into account when making our cost estimate, please refer to the section headed "Business – Operations – Operational procedures – Preparation and submission of tender/quotation" in this prospectus.

There is no assurance that the actual amount of time and costs would not exceed our estimation during the performance of our projects. The actual amount of time and costs incurred in completing a project may be adversely affected by many factors, including adverse weather conditions, accidents, unforeseen site conditions, departure of key project management personnel involved, non-performance by our subcontractors, unexpected significant increase in construction materials costs agreed to be borne by us, and any other unforeseen problems and circumstances. Any material inaccurate estimation in the time and costs involved in a project may result in delays in completion of works and/or cost overruns, which in turn may materially and adversely affected our Group's profitability, liquidity and financial condition.

We rely on our subcontractors to perform generally most of the works of our projects. Any fluctuations in subcontracting costs, unsatisfactory performance or unavailability of our subcontractors may materially and adversely affect our operations and profitability.

We have in the past engaged and expect to continue to engage our subcontractors to perform generally most of the works of our projects. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our subcontracting costs accounted for approximately 82.3%, 81.5%, 86.9% and 83.1% of our total cost of sales, respectively.

As our contracts for the private sector are generally awarded on a fixed-price basis with a pre-determined timetable, any significant change in the subcontracting costs may result in cost overrun or even losses in the relevant projects, which in turn may impact on our profitability. For the sensitivity analysis illustrating hypothetical changes of subcontracting costs to our profit during the Track Record Period, please refer to the section headed "Financial Information – Description of selected items in combined statements of financial position – Cost of sales" in this prospectus. We may also be exposed to other legal liabilities if we are not able to monitor the performance of our subcontractors, or if our subcontractors violate any laws, rules or regulations in relation to health and safety issues. There is also no guarantee of the due and timely performance of our subcontractors for the timely delivery of our works. Any non-performance, delayed performance or substandard performance by our subcontractors or their respective employees may result in

deterioration of our service quality or unexpected delay of our scheduled completion time, which in turn could damage our reputation, and potentially expose us to damage claims and liability under the contracts with our customers.

In addition, pursuant to the Employment Ordinance, a principal contractor and every superior subcontractor shall be jointly and severally liable to pay any wages that become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, if such wages are not paid within the period specified in the Employment Ordinance. For further details, please refer to the section headed "Regulatory Overview – B. Laws and Regulations in relation to the Labour, Health and Safety – Employment Ordinance (Chapter 57 of the Laws of Hong Kong)" in this prospectus. The violation of any of our subcontractors in their obligations to pay their employees may adversely affect our operations and financial condition.

We are exposed to credit risks in relation to trade receivables and retention receivables owed by our customers.

Our works contracts normally require our customers to make progress payments on a monthly basis. Generally, an interim payment certificate certifying the work progress in the preceding month would be issued by authorised persons of our customer upon receiving our payment application. Our customers would then settle the bill based on the certified amount, net of any agreed retention monies, within 30 days after the issue of the interim payment certificate. As at 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our trade receivables were approximately HK$28.0 million, HK$147.3 million, HK$131.4 million and HK$124.5 million, respectively. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our average trade receivables turnover days were approximately 32 days, 44 days, 52 days and 46 days, respectively.

In addition, our customers in the private sector generally retain 5-10% of progress payment, subject to a limit of retention fund of not more than 5% of the total contract sum as retention money. Generally, the first half of the retention money will be released upon the issuance of the practical completion certificate of the project and the second half will be released after the expiry of the defects liability period of approximately 12 to 24 months. As at 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our retention receivables were approximately HK$21.3 million, HK$50.9 million, HK$60.3 million and HK$64.6 million, respectively.

There is no guarantee that the financial position of our customers will remain solvent or that our customers will pay us the progress payment or retention money on time in full or at all. Should our customers fail to make progress payments or release the retention money, we may need to recognise such default payment as bad debts and our financial position and results of operations may be materially and adversely affected.

The amount of revenue that we are able to derive from a project may be higher or lower than the original contract sum due to factors such as variation orders and recoverability of contract assets.

The aggregate amount of revenue that we are able to derive from a project may be different from the original contract sum specified in the relevant contract for the project due to factors such as variation orders (including addition or modification of the original scope of works) required by our customers from time to

time during the course of project execution and the recoverability of contract assets taking into account the negotiation of the value of works we performed with our customers before the issuance of interim payment certificates. As such, there is no assurance that the amount of revenue derived from our projects on hand will not be substantially different from the original contract sum as specified in the relevant contracts.

As at the Latest Practicable Date, we had seven major projects (i.e. with an awarded contract sum of HK$10.0 million or more each) in our backlog (including projects that (i) were within the expected contract period and have commenced but not completed; and (ii) have been awarded to us but not yet commenced). The total amount of revenue expected to be recognised from such projects is estimated to be approximately HK$538.3 million on or before the Latest Practicable Date and HK$1,936.8 million after the Latest Practicable Date, respectively. Due to the abovementioned reasons, our revenue generated from our business may not be regular and we cannot assure you that we can maintain profitability of a project at any particular level. As such, our profit margin may fluctuate and our historical performance may not be indicative of our future performance.

We need to maintain qualifications and registrations for the operation of our business and any change in the relevant rules and regulations, licensing regime and standards of compliance may materially and adversely affect our operation and financial position.

We are required to maintain operating qualifications and registrations to conduct our business. We must also comply with the relevant rules and regulations imposed by various Hong Kong Government departments in order to maintain such qualifications and registrations. For further details, please refer to the section headed "Business – Licences and qualifications" in this prospectus.

The relevant rules and regulations, licensing regime and standards of compliance required may from time to time be subject to changes without substantial advance notice. There is no assurance that all the required qualifications and registrations can be maintained or renewed in a timely manner or at all. If we fail to comply with any laws, rules, regulations and any new requirements under the licensing regime as modified from time to time, our qualifications and registrations upon expiry of their original terms may be delayed or refused. In such circumstance, our capability to undertake the relevant work may be directly impacted, our operation, profits and financial position may also be adversely affected.

We rely on our key management personnel and our growth and success depends on our ability to attract and retain our management personnel and technical staff.

Our growth and success depend, on a large extent, on our ability to retain the services of our key management personnel. Our Directors believe that our key management personnel, in particular our executive Directors, namely Mr. KY Tsang, Mr. Philip Tsang and Mr. Jerry Tsang, and members of our senior management, namely Mr. Wu Wing Lun Allan, Mr. Choi Ying Tung, Mr. Yee Fei Hung and Mr. Ho Chi Ming Wilson, possess the relevant knowledge, experience and skills, especially in their familiarity with our business, industry and relationship with our customers and thus is crucial to us in carrying out our business and contributing significantly to our future growth. Our Directors are also of the view that the expertise of our project management staff are essential in the improvement of the overall project management and implementation in a cost-effective manner so as to improve our profit margin.

However, we cannot assure you that we will be able to retain the services of our key management personnel and technical staff, or attract high-quality personnel with the necessary skills, knowledge and qualifications in the future. If any of our key management or technical personnel leaves our Group and we are unable to recruit a suitable replacement with comparable experience and qualifications to join us in a timely manner, our business, financial performance, results of operations and growth prospects could be materially and adversely affected.

Changes in the prices and availability of raw materials may materially and adversely affect our operating results.

Concrete and reinforcing steel bar are our principal raw materials. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our materials costs were approximately HK$14.2 million, HK$49.4 million, HK$42.3 million and HK$28.8 million, respectively, representing approximately 3.7%, 7.4%, 4.7% and 9.0% of our total cost of sales, respectively.

The price and availability of raw materials are affected by a variety of factors that are beyond our control, such as the overall demand and supply, global and local economy and related government policies. There is no guarantee that the prices of raw materials will not rise from current levels and that our cost of sales will not increase. If we are unable to purchase any of our raw materials on terms acceptable to us, or if we are not able to factor in these potential fluctuations into each of our tenders or quotations and pass on a part or the whole of any additional costs to our customers or reduce other costs, our profit margins may decrease and our results of operations may be materially and adversely affected.

Our operations are subject to inherent operational risks and occupational hazard on construction sites. Failure to comply with safety measures and procedures may lead to accidents and occurrence of personal injuries, property damage or fatal accidents.

Due to the nature of our business, accidents or mishaps may occur at the worksites even though we have put in place safety measures. We cannot guarantee that our workers or third parties at the worksites will comply with the safety measures and procedures during the execution of work. During the Track Record Period, there were 23 reportable accidents occurred in relation to workers employed by our Group and our Group's lost time injury frequency rates were approximately 0.6, 0.5, 0.4, 0.2 and 0.5 per 100,000 working hours for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 and for the period from 1 August 2018 up to the Latest Practicable Date, respectively, further details of which are set out in the section headed "Business – Occupational health and safety" in this prospectus.

Accidents and any non-compliance with the safety measures may result in the occurrences of serious personal injuries, property damage or fatal accidents, which may result in the interruption of our operations and adversely affect our financial condition and results of operations to the extent that these mishaps are not covered by our insurance policies. Such accidents and non-compliance incidents may also in turn lead to claims in respect of employees' compensation, personal injuries, fatal accidents, and/or property damage against us. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, and for the period from 1 August 2018 up to the Latest Practicable Date, our accident rates per 1,000 workers were approximately 13.8, 9.6, 9.4, 1.7 and 5.8, respectively, which were significantly lower than the industry average of 34.5 in 2016 according to the Ipsos Report. Our fatality rates per 1,000 workers for the same period were nil, nil, nil, nil and approximately 3.9, respectively. During the Track Record Period and up to the Latest Practicable Date, our Group had been or is involved in a number of claims, litigations and

potential claims against our Group in the ordinary and usual course of our business. For further details, please refer to the section headed "Business – Litigation and Potential Claims" in this prospectus. In December 2018, a fatal accident occurred at a construction site under which Wecon Limited was engaged under the DTC(3) Project to provide RMAA works services where an employee of a subcontractor of Wecon Limited sustained fatal injury by falling from height during the course of work. According to the internal guideline issued by the Housing Authority, if a serious incident which includes loss of life at a construction site happens under a DTC contract, and that a contractor is found to have minor, moderate or major degree of contribution to such serious incident, the Housing Authority shall have the power to suspend such contractor from tendering new contracts from the Housing Authority up to two months, four months or eight months, respectively. For further details, please refer to the section headed "Business – Occupational health and safety – Fatal accident happened in December 2018" in this prospectus. We cannot assure you that the DTC(3) Project will not be terminated or that we will not be suspended from tendering new contracts from the Housing Authority for a maximum period of eight months.

There is also no guarantee that material workplace accidents or fatal accidents will not occur in the future despite our safety measures and procedures. Regardless of whether accidents were caused by our fault or negligence or not, such accidents may still cause us to incur substantial costs and damage to our reputation. Damage to our reputation as a result of workplace accidents may lead to negative publicity and may materially and adversely affect our business and results of operations.

We provide surety bonds in the course of our business operations which could affect our liquidity position.

We may be required to provide surety bonds in favour of our customers, in particular in the private sector, to secure our contractual performance on a project-by-project basis. The surety bonds are generally issued by a bank or insurance company with our Group providing an amount of not more than 10% of the total contract sum to such bank or insurance company. As at the Latest Practicable Date, the aggregate value of the surety bonds provided by bank in favour of our customers was approximately HK$30.1 million. If we fail to perform our obligations under the contract with our customers, the bank or insurance company will have to compensate our customers up to the amount of the surety bond on demand and in turn we will then become liable to reimburse the bank or insurance company. In such circumstances, our business, financial condition and results of operations will be adversely affected.

Our interest income arising from loans to subcontractors and bank deposits which are non-recurrent in nature may adversely affect our financial performance.

During the Track Record Period, we provided loans to seven of our subcontractors which are interest bearing advances where the repayment of advanced sum by such subcontractors will be set off against payment for the works done by our Group to such subcontractors. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our Group recognised interest income arising from loans to subcontractors and bank deposits of approximately HK$3.5 million, HK$4.3 million, HK$2.5 million and HK$0.8 million, respectively, representing approximately 69.6%, 61.6%, 42.7% and 80.5% of our other income and gains for the corresponding period, respectively.

As we engage subcontractors on a project-by-project basis and the financial position of each subcontractor varies, we are unable to forecast the number and amount of loans our subcontractors would require in the future, and whether such loans would be interest bearing or non-interest bearing, given there is no guarantee on our continual success in project tenders or quotations. Therefore, our interest income arising

from loans to subcontractors and bank deposits may fluctuate from period to period depending on the number of projects we have on hand and whether the subcontractors engaged under such projects require the provision of loans from us. In case the number of subcontractors who require loans from us decrease or the amount of loans as required by such subcontractors decrease, our results of operation would be adversely affected.

The disputes, claims or litigation we may be exposed to may adversely affect our performance.

We may be involved in disputes, claims or litigation arising from our business operations, with our customers, suppliers, subcontractors, workers and other parties in connection with our projects from time to time. This may include the delay in completion of work, delivery of substandard work, disputes as to the value of work done, damage to property and equipment, and personal injuries or labour compensation in relation to the work. Further, we may face prosecutions relating to labour safety offences arising from our or our subcontractors' failure to comply with relevant work safety legislations or other safety or environmental offences. There is no assurance that our safety measures and procedures will always be sufficient and effective in ensuring our compliance with the safety requirements or that they are strictly adhered to. Any claims that arise may cause us to incur materials costs or losses, which in turn may materially and adversely affect our business, financial position and results of operations.

We may face risks associated with defects liability.

Our customers normally require a defects liability period during which we are responsible for rectifying all defective works, if any. The defects liability period generally ranges from 12 to 24 months after the issuance of a practical completion certificate. Therefore, we may be subject to claims due to defects in relation to our works that are existing but have not yet been found, developed or are visible at the time of completion. There is no assurance that our subcontractors will be able to satisfy the requests for fixing the defects raised by our customers and/or any other interested parties pursuant to the terms of contracts with our subcontractors. In the event that there is any significant claims raised by our customers or other interested parties against us for defects liability or any default or failure in relation to our work, we may incur significant amount in rectifying such defects or in settling such claims which in turn would adversely affect our profitability.

Our historical growth rate, revenue and profit margin may not be indicative of our financial performance in the future.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our (i) revenue was approximately HK$422.3 million, HK$722.1 million, HK$980.8 million and HK$339.7 million, respectively; (ii) gross profit was approximately HK$42.6 million, HK$56.3 million, HK$77.3 million and HK$20.8 million, respectively; (iii) gross profit margin was approximately 10.1%, 7.8%, 7.9% and 6.1%, respectively; and (iv) net profit was approximately HK$20.2 million, HK$31.8 million, HK$41.4 million and HK$3.5 million, respectively. For detailed discussions as to our results of operations, please refer to the section headed "Financial Information" in this prospectus.

There is an inherent risk in using such historical financial information of our Group to project or estimate our future financial performance, as such trend of historical financial information is a mere analysis of our past performance only and does not have any positive implication or may not necessarily reflect our

financial performance in the future which will depend on, among other things, our capability to secure new business opportunities and to control our costs. Our profit margin may also fluctuate from period to period due to factors such as the accuracy of our estimate of costs when determining the tender or quotation price, the complexity and size of the project, subcontracting costs and our pricing strategy. There is no assurance that our profit margin in the future will remain at a level comparable to those recorded during the Track Record Period. Our financial condition may be adversely affected by any decrease in our profit margin.

Our current insurance coverage may not sufficiently protect us against all the risks we are exposed to and we are subject to increase in insurance premium.

During the Track Record Period and up to the Latest Practicable Date, we have taken out employees' compensation insurance and contractor's all risks insurance for the entire project when acting as a main contractor. There is no assurance that our current insurance will cover all our risks or payments or adequately protect us against all liabilities arising from claims and litigations against our Group. We may still be liable for losses or potential claims which are not insured adequately or at all. Should any significant property damage or personal injury occur at the project sites or to the employees due to accidents, natural disasters, or similar events which are not wholly or sufficiently covered by insurance, our business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

Further, we cannot assure you that the insurance premium payable by our Group will not increase or the insurance coverage will not be reduced in the future. If we were held liable for uninsured losses, or the amounts of claims for insured losses exceed the limits of our insurance coverage, or the insurance premium payable by our Group increases significantly, our business and results of operations may be materially and adversely affected.

We plan to expand our business by further strengthening our manpower, upgrading and renovating our office and developing engineering and technological innovation, and such expansion may result in the increase in depreciation expenses and staff costs and may adversely affect our results of operations and financial position

Our depreciation expenses for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 amounted to approximately HK$2.1 million, HK$1.1 million, HK$1.0 million and HK$0.4 million, respectively; whereas our aggregate direct and administrative staff costs for the same period amounted to approximately HK$38.3 million, HK$57.4 million, HK$60.3 million and HK$19.9 million, respectively.

We intend to expand our business by renting and renovating a new office by 31 March 2019, developing engineering and technological innovation by purchasing the required equipment and hardware and upgrading computers by replacing old computers and monitors by 30 September 2019, and recruiting additional staff by 31 March 2019. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus. As a result of the aforementioned expansion plan, together with any additional investment in fixed assets (for instance acquisition of vehicles and equipment) in light of our planned expansion, our depreciation expenses and staff costs may increase, and any substantial increase in such expenses may adversely affect our results of operations and financial position.

Our financial performance may also be adversely affected by the increasing staff costs which is also associated with our expansion plan in the recruitment of additional staff to strengthen our manpower. Due to the intense competition for experienced and qualified staff in the construction industry, our staff costs may also increase for the retention and recruitment of such experienced and qualified staff which the other companies in the same industry may also be competing for. If we are unable to pass the increased staff costs to our customers, any significant increase in such costs may materially and adversely affect our financial performance.

RISKS RELATING TO OUR INDUSTRY

Our performance is dependent on trends and developments in the construction industry in Hong Kong.

Our business operations are principally located in Hong Kong during the Track Record Period. The future growth and level of profitability of the construction industry in Hong Kong depend on the market conditions, the general conditions and prospects of Hong Kong's economy. If there is any recurrence of recession in Hong Kong, our operations and profitability could be materially and adversely affected. In addition, any change in the existing political environment in Hong Kong may bring about instability of its economy, which in turn adversely affects the construction industry our Group operates.

Further, the future growth of the building construction works and RMAA works industry in Hong Kong may be affected by a variety of factors. This includes the Government's policies in increasing the public rental housing units and subsidised housing units, the land supply for private residential and commercial properties, the number of aged buildings which would affect the demand for refurbishment works of such aged buildings, the Government's schemes implementation for the enhancement of building safety, and the availability of terms contracts of maintenance works. If there is any adverse change in the land supply and public housing policy of Hong Kong, the demand for building construction works and RMAA works in Hong Kong may deteriorate and our operations and profitability may be materially and adversely affected.

Our business could be materially and adversely affected by the Hong Kong Government's level of spending on public works.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, approximately 49.7%, 33.1%, 15.8% and 17.4% of our revenue, respectively, was generated from the provision of services to customers in the public sector. As the level of spending of the Government on public works may change from year to year, any change or significant delay in such level of spending on public works by the Government may affect our business and results of operations. If the Government reduces its level of spending on public works and we fail to secure business from other customers, our business and profitability could be materially and adversely affected.

In addition, delay in the commencement of public projects may be caused by, among other things, political disagreements in relation to such projects, delay in approval of the funding proposals for public works due to political filibustering by law-makers and objections, protests or legal actions by affected residents, entities or other members of the public. Our engagement with our customers may depend on the timing of the funding approval by the committees of the Legislative Council of Hong Kong, where

prolonged discussion by some members of the Legislative Council has often led to delays in the passing of public works funding proposals in recent years. All of our revenue is derived in Hong Kong, and any change of the political environment may also affect the economy and construction industry in the region, which may adversely affect our operations and results of operations.

We operate in a competitive industry and any failure to compete efficiently could materially and adversely affect our business.

We operate in a highly competitive industry in which our competitors include a number of approved contractors that are eligible to provide services that are similar to ours. Some of our competitors may have stronger reputation, greater access to capital, longer operating histories, more well-established relationship with their customers, and greater resources than us. New competitors may enter the industry given they possess sufficient practical industry experience and well-established networks, stable and adequate capital flow and that they are granted the requisite licences or approvals by the relevant regulatory bodies, thereby intensifying the competition.

There is no guarantee that the competition in the tendering process will not intensify in the future and that we can maintain or improve our market position and respond positively to changes in the competitive landscape. In such circumstance, increased competition may result in lowering our profit margin and reducing our market share, which may adversely affect our profitability and results of operations.

Our operations may be affected by adverse weather conditions and are subject to other construction risks that are beyond our control.

Our business operations are mostly conducted outdoors and may be materially and adversely affected by adverse weather conditions. We may experience project delays caused by inclement weather or extreme temperatures, which could result in our inability to meet the specified time schedule. Natural disasters and other operating hazards, such as typhoons, earthquakes, floods, landslide or fires may interrupt our work and construction projects. If we have to halt operations during inclement weather or natural disaster, we may continue to incur operating expenses and experience reduced revenues and profitability.

Furthermore, our business is subject to outbreak of severe communicable diseases (such as swine flu, avian flu, Middle East respiratory syndrome, severe acute respiratory syndrome and Zika virus disease) and other acts of God which are beyond our control. These incidents may also adversely affect the economy, infrastructure, livelihood and society in Hong Kong. Acts of wars and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our operations and destroy our work performed. If any such incident occurs, our revenue, costs, financial condition and growth potentials will be adversely affected. It is also difficult to predict the potential effect of these incidents and their materiality to our business as well as those of our customers, suppliers and subcontractors.

Shortage of labour may adversely affect our projects and performance.

There is no guarantee that the labour supply and average labour costs will be stable. If there is a significant increase in the labour costs and we have to retain our labour, or our subcontractors have to retain their labour, by increasing their wages, our staff costs and/or subcontracting costs will increase which in turn

will lower our profitability. Further, if we or our subcontractors fail to retain our or their existing labour or recruit sufficient labour in a timely manner, we may not be able to complete our projects on time and in full, and may be subject to liquidated damages and incur losses.

We are exposed to environmental liability.

Our business in Hong Kong is subject to a number of environmental protection laws, regulations and requirements. For further details, please refer to the section headed "Regulatory Overview" in this prospectus. If our operations fails to meet the applicable environmental protection laws, regulations and requirements, we may be subject to fines and/or required to take remedial measures which in turn may adversely affect our operations and financial performance. In addition, there is no assurance that the environmental protection laws, regulations and requirements will not be changed in the future. Should there be any change to such environmental protection laws, regulations and requirements that are applicable to our Group, we may incur extra costs in complying with the new law(s), regulation(s) and requirement(s), which in turn may adversely affect our profitability.

Industrial actions or strikes may adversely affect our business.

Typical construction works are generally divided into various disciplines, and each requires highly specialised labour. Industrial action of any one discipline may disrupt the progress of our construction works. There is no assurance that industrial actions or strikes will not be launched in the future. Such industrial actions or strikes may adversely affect our business performance, profitability and results of operations.

Changes in the rules and regulations governing the construction industry, labour safety and licensing regime may adversely affect our operations.

Many aspects of our business operations are governed by various laws and regulations in Hong Kong. The licensing regime for main contractors in the construction industry and the labour safety requirements may change from time to time. In the event that there are any material changes to the existing regulatory regime, we may incur extra costs in compliance and we may not be able to comply with all such requirements in time or at all, all of which may result in regulatory non-compliances and in turn materially and adversely affect our business and operations.

RISKS RELATING TO HONG KONG

The state of economy in Hong Kong may adversely affect our performance and financial conditions.

As all of our revenue is derived in Hong Kong, our performance and financial conditions depend on the state of economy in Hong Kong. If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations that place additional restrictions or burdens on us and/or on our industry in general, our overall business and results of operations may be materially and adversely affected.

The state of political environment in Hong Kong may adversely affect our performance and financial conditions.

Hong Kong is a special administrative region of the PRC. It enjoys a high level of autonomy under the principle of "one country, two systems" in accordance with the Basic Law of Hong Kong. However, we are not in any position to guarantee the implementation of the "one country, two systems" principle and the level of autonomy as currently in place. Since our primary operations are substantially located in Hong Kong, any change in Hong Kong's existing political environment may affect the stability of the economy in Hong Kong, thereby affecting our results of operations and financial position.

RISKS RELATING TO THE SHARE OFFER

Termination of the Public Offer Underwriting Agreement.

Prospective investors should note that the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) are entitled to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement by giving written notice to us upon the occurrence of any of the events set out in the section headed "Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, without limitation, acts of government or orders of any courts, labour disputes, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics.

There has been no prior public market for our Shares, and there may be limited liquidity in the Shares and volatility in the price of the Shares on the Main Board.

The Shares have not been traded in any open market before completion of the Listing. The Offer Price is the result of negotiations between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), and may not serve as an indicator of the price of the Shares traded on the Main Board in the future. There is no assurance that an active trading market of the Shares will develop upon Listing or if it does develop, that it may be sustained for any period of time after Listing. Upon the Listing, the transaction volume and market price of the Shares may be affected by various factors, including the revenue, profitability and cash flow of our Company, change of key personnel of our Company, announcements of new investments, strategic alliance and/or acquisition, transaction volume of the Shares, development of the Main Board, general economic conditions, fluctuations in market prices of our products, changes in securities analysts' analysis of our financial performance, concentration of shareholding in the hands of small number of investors, involvement in litigation, and other factors. All such factors may result in significant fluctuations in the market price and/or transaction volume of the Shares. There is no assurance that such changes will not occur.

Additional equity fund raising may lead to dilution of shareholders' interests and decrease in market price of the Shares.

We may find opportunities to grow through acquisitions that cannot currently be anticipated. Secondary issue(s) of securities after the Share Offer may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. If existing Shareholders are not offered an opportunity to participate, their shareholding interest in our Company will be diluted.

Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of the Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

There may be dilution because of the issuance of Shares pursuant to the options which may be granted under the Share Option Scheme.

We may grant share options to eligible participants under the Share Option Scheme, who may be employees, senior management and Directors. The exercise of share options under the Share Option Scheme will result in an increase in the number of Shares, and may result in a dilution to the percentage of ownership of the shareholders of our Company, the earnings per Share and net asset value per Share depending on the exercise price. Further details of the Share Option Scheme are summarised in the section headed "Statutory and General Information – 5. Share Option Scheme" in Appendix IV to this prospectus.

Historical dividends are not indicative of our Group future's dividends.

During the years ended 31 March 2016, 2017 and 2018 and from 1 April 2018 up to the Latest Practicable Date, our Group declared dividends of nil, nil, nil and HK$50 million, respectively. The value of dividends declared and paid in previous years should not be relied on by potential investors as a guide to the future dividend policy of our Group or as a reference or basis to determine the amount of dividends payable in the future. In addition, we expect to pay not less than 30%, of our distributable net profit for the year ending 31 March 2019 as dividends. However, there is no assurance that dividends will be declared or paid in any future year beyond 2019, at a similar level or at all. Our future declarations of dividends will be subject to, among other things, the discretion of our Board. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. In any event, there can be no assurance that we will be able to declare or distribute any dividend.

Future sale of the Shares or major divestment of the Shares by our Controlling Shareholders or substantial shareholders of our Company may cause Share price to fall.

The sale of a significant number of Shares by our Controlling Shareholders or substantial shareholders in the public market after the Listing, or the perception that such sale may occur, could adversely affect the market price of the Shares. Except as otherwise described in the section headed

"Underwriting" in this prospectus and the restrictions set out by the Listing Rules, there are no restrictions imposed on our Controlling Shareholders or substantial shareholders of our Company to dispose of their shareholdings. Any major disposal of Shares by any of our Controlling Shareholders or substantial shareholders of our Company may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for our Group to issue new Shares in the future at a time and price that our Directors deem appropriate, thereby limiting our ability to raise capital.

Investors in our Shares may face difficulties in protecting their interests under Cayman Islands law, which may provide remedies to minority shareholders that differ from the remedies available under the laws of Hong Kong or other jurisdictions.

Our corporate affairs are governed by, among other things, the Articles of Association, Companies Law and the common law of the Cayman Islands. The rights of Shareholders to take action against our directors, actions by minority shareholders, and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands and the Articles of Association. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those in Hong Kong and other jurisdictions. These differences mean that the remedies available to our minority Shareholders may be different from those that minority shareholders would have under the laws of Hong Kong or other jurisdictions. For further detail, please refer to the section headed "Summary of the Constitution of the our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

RISKS RELATING TO THE STATEMENTS MADE IN THIS PROSPECTUS AND FROM OTHER SOURCES

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements that are "forward-looking" and indicated by the use of forward-looking terminology such as "believe", "intend", "anticipate", "estimate", "plan", "potential", "will", "would", "may", "should", "expect", "seek" or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, even if the Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this prospectus should not be regarded as representations by our Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events, or otherwise. For further details, please refer to the section headed "Forward-looking Statements" in this prospectus.

Investors should not rely on any information contained in press articles or other media regarding our Group or the Share Offer.

We wish to emphasis to prospective investors that we do not accept any responsibility for the accuracy or completeness of the information contained in any press articles or other media coverage regarding us or the Share Offer, and such information that was not sourced from or authorised by us. We make no representation to the appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media coverage about our business or financial projections, share valuation or other information. Accordingly, prospective investors should not rely on any such information and should rely only on information included in this prospectus in making any decision as to whether to invest in our Shares.

Certain facts and statistics in this prospectus may not be reliable and accurate.

The facts and statistics disclosed in this prospectus (particularly those set out in the section headed "Industry Overview" in this prospectus) relating to Hong Kong, its economy, regulatory framework and the industry in which we operate have been derived from various publications which we believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. Whilst we have taken reasonable care in the production of such information, they have not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers or the Underwriters, any of our or their respective directors or any other parties involved in the Share Offer. Therefore, all the aforesaid parties, including but not limited to our Company and the Sole Sponsor, make no representation as to the accuracy of such facts and statistics disclosed in this prospectus. Due to the possibly flawed or ineffective data collection methods or discrepancies between published information and market practice, the facts and statistics disclosed in this prospectus may be inaccurate or may not fairly reflect the actual situations or market conditions. Furthermore, we cannot assure that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Accordingly, prospective investors should not rely on any such information and should rely only on information included in this prospectus in making any decision as to whether to invest in our Shares.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purposes of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

(a) the information contained in this prospectus is accurate and complete in all material respects and is not misleading or deceptive;

(b) there are no other matters the omission of which would make any statement herein or this prospectus misleading; and

(c) all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are considered fair and reasonable.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus, and on the terms and subject to the conditions set out herein. No person is authorised to give any information in connection with the Share Offer or to make any representation not contained in this prospectus. Any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, and any of our or their respective affiliates, directors, officers, employees, agents or representatives, or any other person or party involved in the Share Offer.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer. The listing of the Shares on the Main Board is sponsored by the Sole Sponsor and managed by the Joint Bookrunners and the Joint Lead Managers. The Share Offer is fully underwritten by the Underwriters pursuant to the Underwriting Agreements, subject to the terms and conditions of the Underwriting Agreements and that the Offer Price will be determined by agreement between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date. For further details on the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) by that date or such later date, the Share Offer will not become unconditional and will lapse.

OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined in Hong Kong dollars by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Offer Price will not be more than HK$0.75 per Offer Share and is expected to not be less than HK$0.625 per Offer Share. Subscribers must pay, on application, the maximum Offer Price of HK$0.75 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$3,030.23 for one (1) board lot of 4,000 Offer Shares. For further details on the Offer Price, please refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit any offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, any offer or invitation nor is it taken as an invitation or solicitation of offers in any jurisdiction or under any circumstances where such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

Each person acquiring the Offer Shares will be required to confirm, or by his or her acquisition of the Offer Shares be deemed to confirm, that he or she is aware of the restrictions on the placing of the Offer Shares described in this prospectus and that he or she is not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed "How to Apply for Public Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

For further details on the structure and conditions of the Share Offer, please refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

APPLICATION FOR LISTING ON THE MAIN BOARD

Application has been made to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue on the Main Board and the Shares which may be allotted and issued pursuant to the exercise of any option which may be granted under the Share Option Scheme. No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Pursuant to Rule 8.08(1) of the Listing Rules, at least 25% of the total number of issued Shares must at all times be held by the public. A total of 200,000,000 Offer Shares, representing 25% of the number of enlarged issued Shares immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be made available under the Share Offer.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the permission for the Shares to be listed on the Main Board has been refused before the expiration of three weeks from the date of the closing of the Share Offer, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

Save as disclosed herein, no part of the Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, we are not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Main Board and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek advice from your stockbrokers or other professional advisers.

All necessary arrangements have been made for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares, you should consult your professional adviser. It is emphasised that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong.

The Shares are freely transferable. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Main Board unless the Stock Exchange otherwise agrees.

All the Offer Shares will be registered on the branch register of members of our Company in Hong Kong. Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or its joint Shareholders, to the first-named therein in accordance with the Articles.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. (Hong Kong time) on Wednesday, 27 February 2019. Shares will be traded in board lots of 4,000 Shares each. The stock code for our Shares is 1793. Our Company will not issue any temporary documents of title.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

The procedure for applying for Public Offer Shares is set out in the section headed "How to Apply for Public Offer Shares" in this prospectus and on the relevant Application Forms.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amount may have been rounded up or down. Any discrepancies in any table between the totals and the sums of amounts and percentages listed therein are due to rounding.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Tsang Ka Yip (曾家葉) *(Chief executive officer and chairman)*	Flat A, 23/F Kennedy Heights No. 10-18 Kennedy Road Mid-Levels Hong Kong	Chinese
Mr. Tsang Tsz Him Philip (曾梓謙)	Block B, 4/F Best View Court No. 68 MacDonnell Road Hong Kong	Chinese
Mr. Tsang Tsz Kit Jerry (曾梓傑)	Flat A, 23/F Kennedy Heights No. 10-18 Kennedy Road Mid-Levels Hong Kong	Chinese
Independent non-executive Directors		
Dr. Lau Chi Keung (劉志強)	Flat B, 14/F Century Tower One No. 1 Tregunter Path Mid-Levels Hong Kong	Chinese
Mr. Chan Tim Yiu Raymond (陳添耀)	Flat C, 1/F No. 70 Sing Woo Road Hong Kong	Chinese
Mr. Sze Kwok Wing Nigel (施國榮)	Flat B, 1/F No. 135 Tai Hang Road Jardines Lookout Hong Kong	Chinese

For further information on the profile and background of our Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	**VMS Securities Limited** *A licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO* 49th Floor One Exchange Square 8 Connaught Place Central Hong Kong
Joint Bookrunners and Joint Lead Managers	**VMS Securities Limited** *A licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO* 49th Floor One Exchange Square 8 Connaught Place Central Hong Kong **First Shanghai Securities Limited** *A licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO* 19th Floor & Room 2505-10, Wing On House 71 Des Voeux Road Central Hong Kong **Future Land Resources Securities Limited** *A licensed corporation to carry on type 1 (dealing in securities) regulated activities under the SFO* Flat B, 20th Floor, Guangdong Investment Tower 148 Connaught Road Central Sheung Wan Hong Kong

Joint Lead Managers	**Caitong International Securities Co., Limited** *A licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO* Unit 2401-03, 24th Floor, Grand Millennium Plaza 181 Queen's Road Central Hong Kong **Kam Fai Securities Company Limited** *A licensed corporation to carry on type 1 (dealing in securities) regulated activities under the SFO* 21st Floor, Champion Building 287-291 Des Voeux Road Central Hong Kong
Legal advisers to our Company	*As to Hong Kong law* **ONC Lawyers** *Solicitors, Hong Kong* 19th Floor Three Exchange Square 8 Connaught Place Central Hong Kong *As to Cayman Islands law* **Conyers Dill & Pearman** *Cayman Islands attorneys-at-law* Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sole Sponsor and the Underwriters	**P. C. Woo & Co.** *Solicitors, Hong Kong* 12th Floor Prince's Building 10 Chater Road Central Hong Kong

Auditors and reporting accountants	**Ernst & Young** *Certified Public Accountants* 22nd Floor CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Compliance adviser	**VMS Securities Limited** *A licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO* 49th Floor One Exchange Square 8 Connaught Place Central Hong Kong
Internal control consultant	**RSM Consulting (Hong Kong) Limited** 29th Floor Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Industry Consultant	**Ipsos Limited** 22nd Floor Leighton Centre 77 Leighton Road Causeway Bay Hong Kong
Tax adviser	Russell Bedford Hong Kong Room 1708 Dominion Centre 43-59 Queen's Road East Wanchai Hong Kong
Receiving Banks	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	18/F, Tung Hip Commercial Building 244-252 Des Voeux Road Central Hong Kong
Company's website	**https://www.wecon.com.hk/** *(Note: the information contained in this website does not form part of this prospectus)*
Company secretary	Ms. Tsang Lee Mei (FCCA) Flat A905, 9/F, Kai Tin Towers 59-61 Kai Tin Rd, Lam Tin, Kowloon, Hong Kong
Authorised representatives	Mr. Tsang Ka Yip Flat A, 23/F, Kennedy Heights No. 10-18 Kennedy Road, Mid-Levels, Hong Kong Mr. Tsang Tsz Kit Jerry Flat A, 23/F, Kennedy Heights No. 10-18 Kennedy Road, Mid-Levels, Hong Kong
Audit committee	Mr. Sze Kwok Wing Nigel *(Chairman)* Dr. Lau Chi Keung Mr. Chan Tim Yiu Raymond
Remuneration committee	Mr. Chan Tim Yiu Raymond *(Chairman)* Mr. Tsang Ka Yip Mr. Sze Kwok Wing Nigel
Nomination committee	Dr. Lau Chi Keung *(Chairman)* Mr. Sze Kwok Wing Nigel Mr. Tsang Ka Yip
Principal share registrar and transfer office	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands

Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	**The Hongkong and Shanghai Banking Corporation Limited** 1 Queen's Road Central Hong Kong **Bank of China, Hong Kong** Bank of China Tower 1 Garden Road Hong Kong **Standard Chartered Bank (Hong Kong) Limited** 3 Floor, Standard Chartered Bank Building 4-4A Des Vouex Road Central Hong Kong

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the Ipsos Report prepared by Ipsos, which was commissioned by us. We believe that the sources of the information and statistics in this section are appropriate sources for such information and statistics and have taken reasonable care in the extraction and reproduction of such information and statistics. We have no reason to believe that such information and statistics is false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. The information in this section has not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates, directors or advisers or any other persons or parties involved in the Share Offer (excepted Ipsos Limited), and no representation is given as to its completeness, accuracy or fairness. Accordingly, you should not place undue reliance on the information in this section.

SOURCE AND RELIABILITY OF INFORMATION

We have commissioned Ipsos, an independent industry research company, to conduct an analysis of, and to report on, the building construction works and RMAA works industries in Hong Kong at a fee of HK$398,000 and our Directors consider that such fee reflects market rates. The information in the Ipsos Report is derived from data and intelligence obtained by (i) conducting desk research covering official government and regulatory statistics, industry reports and analyst reports, industry associations, industry journals and other online sources and data from the research database of Ipsos; (ii) performing client consultation to obtain background information of our Group; and (iii) conducting primary research by interviewing key stakeholders and industry experts. The information and data gathered by Ipsos have been analysed, assessed and validated using Ipsos' in-house analysis models and techniques. The methodology used by Ipsos is based on information sourced from multiple levels, which allows such information to be cross-referenced for accuracy.

Ipsos is an independent market research company wholly-owned by Ipsos Group S.A. Founded in Paris, France, in 1975 and publicly-listed on the NYSE Euronext Paris in 1999, Ipsos Group S.A. acquired Synovate Limited in October 2011 and employs approximately 16,000 personnel worldwide across 88 countries. Ipsos conducts research on market profiles, market size, share and segmentation analyses, distribution and value analyses, competitor tracking and corporate intelligence.

Our Directors confirmed that, as at the Latest Practicable Date, after taking reasonable care, there is no adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section. Except as otherwise noted, all of the information, data and forecast contained in this section are derived from the Ipsos report, various official government publications and other publications.

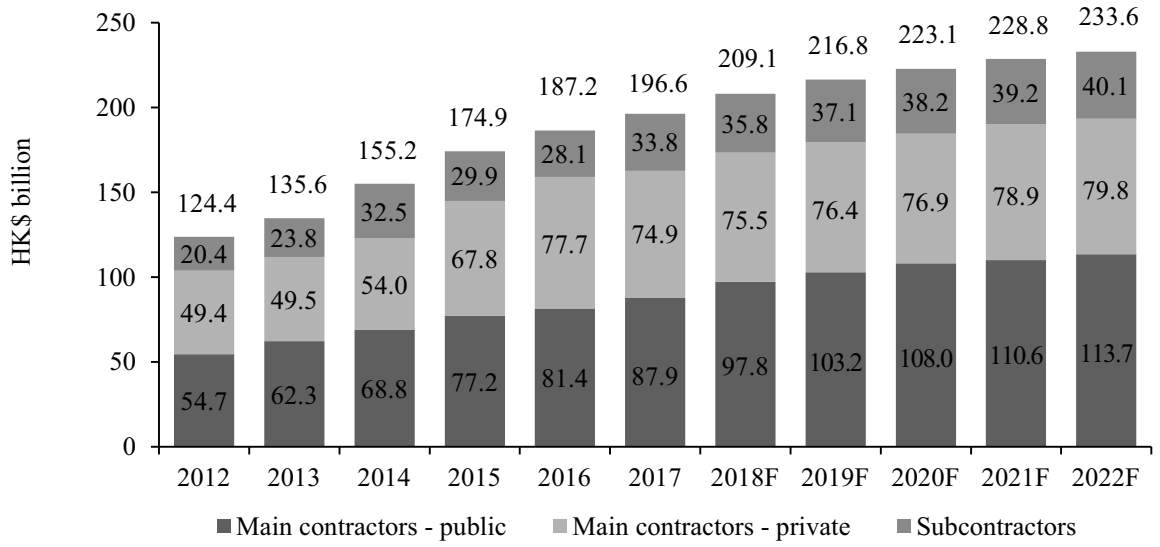
ASSUMPTIONS AND PARAMETERS USED IN THE IPSOS REPORT

The following assumptions are used in the Ipsos Report: (1) It is assumed that the global economy remains in steady growth across the period from 2018 to 2022. (2) The external environment is assumed to have no shocks, such as financial crises or natural disasters, that will influence the demand and supply of the building construction works and RMAA works industries in Hong Kong from 2018 to 2022.

The following parameters are used in the market sizing and forecasting model in the Ipsos Report: (1) GDP and GDP growth rate in Hong Kong from 2012 to 2017 and forecast from 2018 to 2022. (2) Population and population growth rate in Hong Kong from 2012 to 2021. (3) Gross fixed capital formation value in Hong Kong from 2012 to 2017. (4) Total investment value in construction projects in Hong Kong from 2012 to 2017. (5) Public expenditure on infrastructure in Hong Kong from 2012 to 2017. (6) Number of workers engaged in the construction industry and RMAA works industry in Hong Kong from 2012 to 2017. (7) Average wage trend for workers in the construction industry, building construction works industry and RMAA works industry in Hong Kong from 2012 to 2017. (8) Total number of public housing units newly completed by the Hong Kong Housing Authority in Hong Kong from 2012/13 to 2016/17. (9) Total number of private residential housing units in newly completed projects in Hong Kong from 2012 to 2017. (10) Total floor area of private office and commercial premises newly completed in Hong Kong from 2012 to 2017. (11) Price trends of (i) steel reinforcement, (ii) cement, (iii) diesel fuel, and (iv) glazed ceramic wall tiles in Hong Kong from 2012 to 2017.

OVERVIEW OF THE CONSTRUCTION INDUSTRY IN HONG KONG

The graph below sets forth the gross output value of overall construction works performed at construction sites in Hong Kong by subcontractors, public sector main contractor, private sector main contractor from 2012 to 2017 and forecast from 2018 to 2022:



Notes: (1) Data refers to the gross output value of construction works in nominal terms performed by main contractors and subcontractors at construction sites. (2) Total output value of construction works may not equal to the summation of values of main contractor for both public and private sectors and subcontractors due to round-off issues.

Sources: Ipsos research and analysis

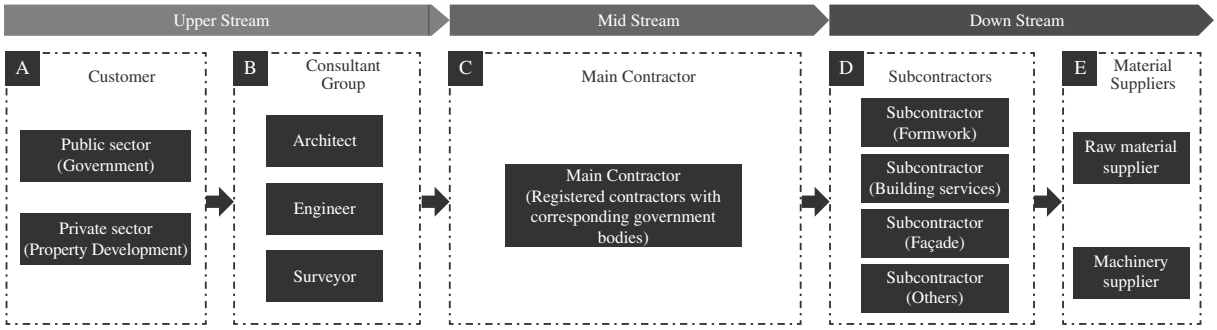
The gross output value of overall construction works performed at construction sites in Hong Kong increased from HK$124.4 billion in 2012 to HK$196.6 billion in 2017, at a CAGR of 9.6%. This was partly driven by the expenditure on the Ten Major Infrastructure projects. For instance, the total government expenditure on infrastructure more than tripled from 2007-08 financial year to 2017-18 financial year.

During the forecast period, the gross output value is expected to grow at a slower CAGR of 2.8% from 2018 to 2022. The expected growth can be attributed to the support in increasing both private and public housing supply, through the stable private housing land supply and the public housing construction programme.

OVERVIEW OF THE BUILDING CONSTRUCTION WORKS INDUSTRY AND THE RMAA WORKS INDUSTRY IN HONG KONG

Building construction works industry

Engagement process

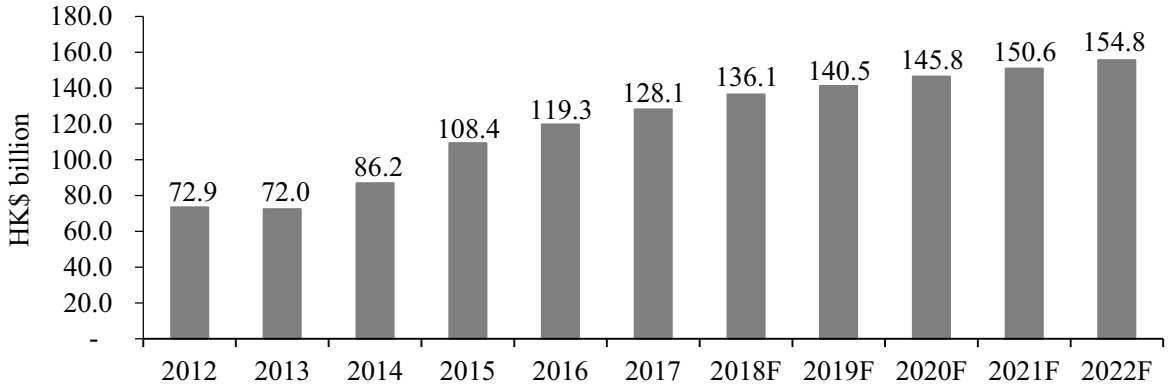


Source: Ipsos research and analysis

Before starting a building construction work, customers generally appoint a consultant group for general design, work planning and submission of relevant documents to regulatory bodies. The customer will then hire a main contractor who is responsible for the entire construction work through tendering process. Regarding the construction works in the public sector, besides receiving tender invitations issued by government bodies, contractors can also identify potential tenders posted on government websites or government gazettes. Main contractors may directly appoint subcontractors with different specialities as their domestic subcontractors, while some subcontractors may be nominated by the customer. The main contractor may rent or purchase machinery, equipment or raw materials from third-party companies. It is noted that surety bond, retention, defect liability period and insurance requirement are not uncommon in the construction industry in Hong Kong.

Gross output value of the building construction works industry

The graph below sets forth the gross output value of the building construction works industry from 2012 to 2017 and forecast from 2018 to 2022:



Source: Ipsos research and analysis

The gross output value of the building construction works industry increased at a CAGR of approximately 11.9%. The increase can be attributed to the government's initiatives to increase housing supply and the increased construction projects of private residential, commercial and office buildings. It is expected that the gross output value of the building construction works industry will increase at a CAGR of 3.3%, from 2018 to 2022. The expected growth is supported by the upcoming and incumbent development plans, including but not limited to the development of the North East New Territories (NENT) New Development Areas (NDAs), and the Kai Tak Development Area.

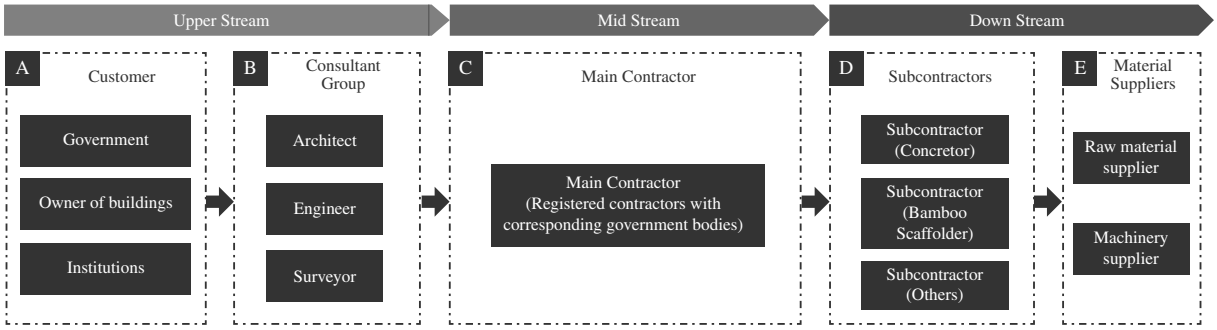
Future trends and development of the building construction works industry

Building information modelling (BIM) and Green Buildings are the major trends for the development of the building construction works industry. BIM is a computer-based software used to assist in building system design and analysis. BIM enables physical building visualization and previewing the whole architectural structures with time- or schedule-related information. The use of BIM allows better coordination between designers and workers in order to lower the chance of project delay. According to the 2017 policy address, government bodies will start adopting BIM technology in the design of major government capital works projects scheduled to start in 2018.

The future of the building construction works industry will also be affected by the aroused public awareness and expectations on sustainable development. The government has introduced different schemes such as (i) the "Energy Saving Plan for Hong Kong's Built Environment 2015-2025+" to promote the importance of green buildings, and (ii) the BEAM Plus New Buildings to reduce the environmental impacts of a new building. Therefore, eco-friendly construction methods, green building materials and energy-saving E&M engineering systems are expected to be increasingly popular.

The RMAA works industry

Engagement process

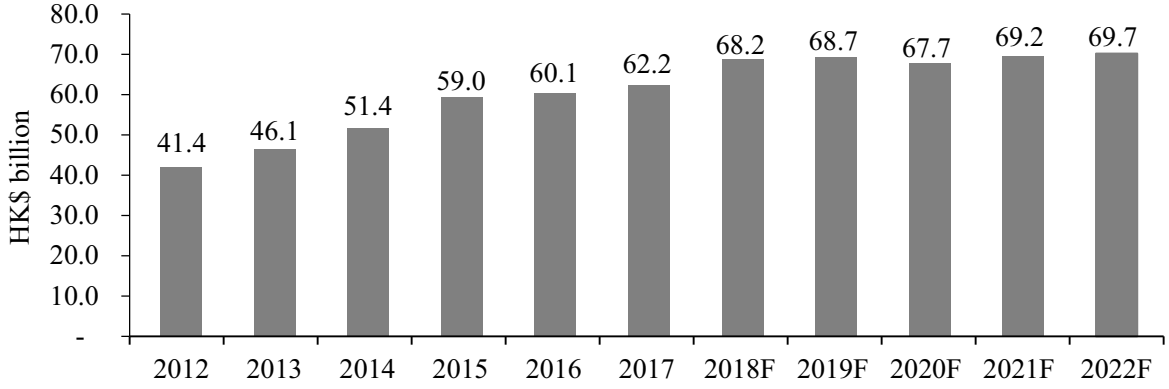


Source: Ipsos research and analysis

In the large-scale RMAA projects, where alteration and addition works are required, customers may appoint a consultant group for general design, work planning and submission of relevant documents to regulatory bodies. The customer will then hire a main contractor who is responsible for the entire building construction work project. While for the small-scale RMAA projects, such as minor works projects, customers may not hire a consultant group. Similar to other segments of the construction industry, main contractors may directly select and appoint subcontractors with different specialities as their domestic subcontractors, while some subcontractors may be nominated by the customer. Material suppliers are responsible to supply equipment and raw materials required by the construction contractors.

Gross output value of the RMAA works industry

The graph below sets forth the gross output value of the RMAA works industry from 2012 to 2017 and forecast from 2018 to 2022:



Source: Ipsos research and analysis

The gross output value of the RMAA works industry grew at a CAGR of approximately 8.5%. The increase can be explained by the Government's initiative to optimize land use. For instance, the Revitalization of Industrial Buildings Scheme implemented by the Development Bureau in 2010 has successfully revitalized approximately 150 industrial buildings. In addition, the Estate Improvement Program implemented by the government constantly supply RMAA works on the building structures and common areas of public housing estates to the industry.

From 2018 to 2022, the gross output value is expected to increase at a CAGR of approximately 0.5%. The increase can be attributed to the demand for RMAA works which stems from the MBIS and MWIS schemes. According to the Home Affairs Department, there were approximately 21,000 private buildings aged 30 years above in 2017 and it is expected to reach 24,000 by 2022, indicating a demand for inspection works as well as RMAA works.

Future trends and development of the RMAA works industry

The Government dedicated authorities will continue to provide support in RMAA works on old and dilapidated buildings that further drive the growth of the RMAA works market. The one-stop service, Integrated Building Maintenance Assistance Scheme (IBMAS), was put into effect on 1 July 2015. The scheme provides financial assistance through loans and subsidies to qualified building owners to conduct repair works in individual units and common building parts that fulfil the eligibility criteria. For technical support, studies on building rehabilitation strategies will be conducted by the government to formulate appropriate measures to sustain the life span of buildings and explore the feasibility of "retrofitting" as a proposal for building rehabilitation. With the solid support from the Government's dedicated parties, it provides incentives to support the further development of the RMAA works industry in Hong Kong.

Price Trend of Major Cost Components

Average daily wage for workers engaging in the building construction works and RMAA works industries

The table below sets forth the average daily wage for workers engaging in the building construction works and RMAA works industries from 2012 to 2017:

	2012	2013	2014	2015	2016	2017	CAGR '12-17
Building construction works *(HK$)*[1]	1,027.9	1,211.6	1,411.4	1,558.3	1,647.7	1,698.0	10.6%
RMAA works *(HK$)*[2]	911.5	1,029.4	1,128.4	1,261.0	1,317.2	1,397.5	8.9%

Notes: (1) Three major trades are included in the calculation of average wages for workers engaging in superstructure building works in Hong Kong. These occupations include concretors, bar benders and fixers, and general works and labourer. This occupation segmentation is made reference with the Census and Statistics Department of Hong Kong. (2) Major trades include concretors, bricklayers, drainlayers, masons, bar benders and fixers, metal workers, general welders, carpenters, joiners, plumbers, bamboo scaffolders, levelers, plasterers, glaziers, painters and decorators, marble workers, electrical fitters (electricians), refrigeration/air-conditioning/ventilation mechanics, lift and escalator maintenance mechanics, building services maintenance mechanics and general workers. (3) Data refers to the public sector.

Sources: Census and Statistics Department, HKSAR; Ipsos research and analysis

The average daily wage for workers engaged in the building construction works industry in Hong Kong increased from approximately HK$1,027.9 in 2012 to HK$1,698.0 in 2017, at a CAGR of about 10.6%. During the same period, the average daily wage for workers engaged in the RMAA works industry grew from HK$911.5 to HK$1,397.5, representing a CAGR of approximately 8.9%. The growing daily wage of was a result of labour shortage in the construction industry in Hong Kong. Contractors have been raising the wage level in order to attract new labour to tackle the labour shortage. This rising labour cost will be a challenge for stakeholders in the industry as the issue of labour shortage is expected to persist.

Price trend of key raw materials

The following table shows the average price of key materials used in the building construction works and RMAA works industries in Hong Kong from 2012 to 2017:

	2012	2013	2014	2015	2016	2017	CAGR '12-17
Steel Reinforcement[1] *(HK$ per tonne)*	5,921.6	5,282.2	4,775.2	3,723.6	3,672.6	4,595.5	-4.9%
Portland Cement *(HK$ per tonne)*	690.3	698.5	720.4	739.2	714.7	699.9	0.3%
Concrete Blocks[2] *(HK$ per m^2)*	70.0	71.3	76.9	78.3	76.0	76.4	1.8%
Glazed Ceramic Wall Tiles[3] *(HK$ per 100 pieces)*	293.3	317.3	317.6	334.1	340.3	341.5	3.1%

Notes: (1) Steel reinforcement refers to high tensile steel bars (2) Concrete block refers to 100mm thick concrete blocks (3) Glazed ceramic wall tiles refer to the average wholesale price of white glazed ceramic wall tiles and coloured ceramic wall tiles.

Source: Ipsos research and analysis

Steel reinforcement: The average price of steel reinforcement experienced an overall decrease at a CAGR of -4.9%. The downward trend can be attributed the drop of the international price of iron ore and the over production of steel products. Nevertheless, the price of steel reinforcements rebounded in 2017, as China issued industrial de-capacity policies to deal with the excessive production, the growth of the supply of steel reinforcements slowed down and led to a recovery of steel price.

Portland Cement: The price of Portland Cement remained relatively stable and recorded a slight increase from 2012 to 2017 at a CAGR of approximately 0.3%. The increase can be attributed to the increasing demand for construction projects, which generated an increasing demand for cement and thus caused the price of cement to increase.

Concrete blocks: Average price of concrete blocks increased at a CAGR of 1.8%. Since cement is the fundamental material for concrete production, the price trend of concrete blocks is similar to the price change of Portland cement.

Glazed ceramic wall tiles: From 2012 to 2017, the average wholesale price of glazed ceramic wall tiles in Hong Kong increased steadily at a CAGR of 3.1%. Glazed ceramic wall tiles used in Hong Kong are generally manufactured in other countries or region, therefore fluctuation of export prices from those manufacturing regions would affect the average wholesale price in Hong Kong.

COMPETITIVE LANDSCAPE OF THE BUILDING CONSTRUCTION WORKS INDUSTRY AND THE RMAA WORKS INDUSTRY IN HONG KONG

Competitive situation of the building construction works industry

As of October 2018, there were 159 registered public building contractors at the Development Bureau, 42 registered public housing contractors (New Works) at the Housing Authority, and approximately 741 qualified RGBC at the Buildings Department. However, the top five players took up a combined market share of only 14.1%. The facts and figures support the observation that the industry operates in a relatively fragmented market. In 2017, the company generated HK$463.7 million by performing building construction works and the figure accounts for approximately 0.4% of market share. The table below sets forth the top five main contractors engaged in the building construction works industry in Hong Kong in 2017:

Rank	Company	Headquarter Location	Revenue in 2017 *(HK$ million)*	Market Share	Status
1	Company A	Hong Kong	3,776.3	3.0%	Listed
2	Company B	Hong Kong	3,725.6	2.9%	Private
3	Company C	Hong Kong	3,704.4	2.9%	Private
4	Company D	Hong Kong	3,606.6	2.8%	Listed
5	Company E	Hong Kong	3,275.7	2.6%	Listed
	Others		109,976.8	85.9%	
	Total		128,065.4	100.0%	

Notes: (1) Percentages may not total 100% due to rounding. (2) Some totals may not correspond with the sum of the separate figures due to rounding (3) Company A provides services on building construction works; civil engineering works; E&M engineering works, and property development. (4) Company B provides services on site formation works, building construction works, civil engineering works, and demolition works. (5) Company C is a contractor headquartered in Hong Kong which performs building construction works, foundation works and E&M engineering works. It also involves in the provision of engineering design and construction materials. (6) Company D is a diversified business group focused on property development and construction. Its

construction division focuses on building construction works, RMAA works and heritage restoration works. (7) Company E provides services on building construction works, civil engineering works, RMAA works and property management.

Source: Ipsos research and analysis

Key market drivers of and opportunities to the building constructions works industry

Government's initiative to increase housing supply and commercial land supply

The demand for residential housing (both public and private housing) in Hong Kong has been continuously increasing. The government implemented different policies and plans such as the long-term housing strategy to (i) provide more public rental housing units and subsidized sale flats, and (ii) maintain steady land supply for private residential properties. Take for instance, the number of public housing units produced by the Housing Authority has increased at a CAGR of 0.8% from financial year 2012/13 to 2017/18 while the number of newly completed private residential units has increased at a CAGR of 11.9% from 2012 to 2017. Driven by the goal to sustain the competitiveness as an international financial centre and the increasing number of companies established in Hong Kong. The government has been actively seeking for suitable commercial-use land to tackle the demand. Take for instance, four commercial/hotel sites will be put up for sale, capable of providing 531,300 m2 of floor area according to the 2018-19 land sale programme.

Urban renewal and redevelopment projects

Over the years, various redevelopment projects have commenced in old districts such as To Kwa Wan and Sham Shui Po, by the Urban Renewal Authority in Hong Kong. These projects have acted as another important driver of the building construction works industry in Hong Kong. Buildings re-habitation proposals of taking down deteriorating old buildings and reconstruction of new building properties for future uses will provide further room for the development of the building construction industry given the scarcity of developable new lands in Hong Kong.

New development areas

New development areas (NDA) including the Kwu Tung North NDA, Fanling North NDA and Tung Chung New Town Extension will be the major business opportunities to the building construction works industry in Hong Kong. Kwu Tung North and Fanling North NDA have adopted the Conventional New Town (CNT) approach, which the government will carry out site formation and major infrastructure works before allocating land for different purposes, including the construction of a mixed type of residential housing and community facilities. While for the Tung Chung New Town Extension, the reclamation and advanced works commenced in 2017. The reclamation at the Tung Chung East is the main part of the extension project, providing 40,000 new flats to meet future needs for housing and economic developments. These formed lands in the NDA are expected to increase the land supply for building construction and therefore supporting the growth of building construction works industry.

Entry barriers of the building constructions works industry

The emphasis on sufficient practical industry experience and well-established networks

Market players' reputation and established connections with customers and suppliers are vital in the building construction works industry. Project experience accumulation and proven track records are the key assessing criteria during the precondition public tendering process. Main contractors with a well-developed portfolio, established connections with developers and reputation in the industry generally have a higher rate in winning tender from their customers, as compared to new entrants with the absence of proven quality and reliability of works to meet the project requirements. For certain projects that emphasize main contractors' track records, new entrants will have to confront with the difficulties in competing with the existing players within the industry.

Requirements for stable and adequate capital flow

Stable and adequate capital flow is critical for the building construction contractors, which is mainly used to settle the payment of wages to specialists (e.g. foremen, machinery operators and technical personnel), the payment of surety bond and to rent specialized machinery for operation works. Moreover, main contractors often need to pay for their suppliers and/or subcontractors, such as the labour cost and/or

construction materials, before getting paid by their customers. The inability to settle timely payments may defer the construction schedule and lead to a loss of reputation. Therefore, the stable and adequate capital flow is required for main contractors to facilitate the operations. As such, having stable and adequate capital flow can be an obstacle to new entrants since they may have insufficient and unstable cash flow to finance their operations.

Threats and challenges to the building constructions works industry

Lack of skilful labour due to old age experience labour exit the industry

The Hong Kong construction, including the building construction Industry, have been facing the problem of labour shortage and an ageing workforce. According to the Construction Industry Council ("**CIC**"), up to August 2017, the number of registered workers aged above 50 in the construction industry has reached 179,891, accounting for about 41.1% of the total. With the lack of sufficient construction workers, especially those with experience and skills, the probability of project delays will increase while the quality of the works may decrease, posing negative impacts to the building construction works industry.

Increasing operation cost due to labour shortage

Building construction workers, such as concretors and bar bender and fixers, are considered as work trades in shortage under the Construction Industry Council. Lack of labour supply and increasing demand for building construction workers in Hong Kong cause the average daily wage of construction workers engaging in the industry increase. Take for instance, the average daily wage of workers engaged in the building construction works industry in Hong Kong increased from approximately HK$1,027.9 in 2012 to HK$1,698.0 in 2017, at a CAGR of about 10.6%. Such increases in labour costs have consistently pushed up the construction costs, potentially reducing the profit margin of building construction contractors and hindering the development of the industry.

Competitive situation of the RMAA works industry

The RMAA works comprise of a wide range of service scope, ranging from minor alteration to structural alteration and addition. Thus, there are many players in the RMAA works industry who can perform RMAA works within their permitted scopes and sectors regulated by the licenses. As of October 2018, there are 159 contractors on the Contractor List for Public Works under building category and 595 contractors on the List of Approved Suppliers of Materials and Specialist Contractors for Public Works who can perform RMAA works in the public sector, and 741 RGBC and approximately 11,080 RMWC who can perform RMAA works in the private sector. While for public housing projects, there are 51 contractors on the counterparty list who are eligible to tender RMAA projects from the HKHA.

In 2016, the top 10 RMAA companies only accounted for 20.5% of the market share. Given a large number of players present in the industry, the RMAA works industry is considered to be relatively fragmented. As for the DTC market, the top five contractors accounted for 66.8% of the market share, the DTC market is considered to be concentrated. In 2017, the company generated HK$258.4 million by providing RMAA works and the figure accounts for approximately 0.4% of market share. In 2017, the

company recorded approximately HK$230.2 million revenue by engaging in the DTC market, accounting for approximately 8.7% of the market share. The tables below set forth the top 10 RMAA works companies in 2016 and the top five RMAA works companies engaged in the DTC business in 2017:

Rank	Company	Headquarter Location	Revenue in 2016 *(HK$ million)*	Market Share	Status
1	Company F	Hong Kong	2,704.6	4.5%	Listed
2	Company G	Hong Kong	2,465.6	4.1%	Listed
3	Company H	Hong Kong	1,717.0	2.9%	Listed
4	Company I	Hong Kong	1,370.3	2.3%	Listed
5	Company D	Hong Kong	1,055.6	1.8%	Listed
6	Company E	Hong Kong	951.2	1.6%	Listed
7	Company J	Hong Kong	700.5	1.2%	Listed
8	Company K	Hong Kong	520.6	0.9%	Listed
9	Company L	Hong Kong	488.1	0.8%	Listed
10	Company M	Hong Kong	379.6	0.6%	Listed
	Others		47,779.6	79.5%	
	Total		60,132.7	100.0%	

Notes: (1) Percentages may not total 100% due to rounding. (2) Some totals may not correspond with the sum of the separate figures due to rounding. (3) Company F is a construction group principally performs building construction and RMAA works and provides construction IT solutions and building materials. (4) Company G is a group with its scope of business covering construction (building, civil engineering, RMAA and E&M engineering), property development and investment, and security and property management. (5) Company H provides services on property and facility management, Interiors and special building projects, and building improvement works and consultancy. (6) Company I is a contractor majorly performs fitting out, AA, and foundation works; and provides interior decorative materials. (7) Company J majorly provides building construction services, property maintenance, and alteration, renovation, upgrade and fitting-out works. (8) Company K is an independent building contractor providing AA works, interior fit-outs works and building refurbishment works. (9) Company L is an investment holding company principally engages in the provision of building maintenance services and renovation services. (10) Company M is a company principally engages as a subcontractor in providing RMAA services and building construction services.

Source: Ipsos research and analysis

Rank	Company	Headquarter Location	Revenue in 2017 *(HK$ million)*	Market Share	Status
1	Company D	Hong Kong	490.3	18.6%	Listed
2	Company F	Hong Kong	475.3	18.1%	Listed
3	Company L	Hong Kong	348.3	13.2%	Listed
4	The Group	Hong Kong	230.2	8.7%	Application proof
5	Company N	Hong Kong	214.6	8.2%	Private
	Others		873.5	33.2%	
	Total		2,632.1	100.0%	

Notes: (1) Percentages may not total 100% due to rounding. (2) Some totals may not correspond with the sum of the separate figures due to rounding (3) The figures are estimated based on the Gazette released by the HKSAR Government. (4) Company N is a contractor principally provides RMAA works services.

Source: Ipsos research and analysis

Key market drivers of and opportunities to the RMAA works industry

Increasing demand for refurbishment works of aged buildings

The number of buildings aged 50 years or above was approximately 7,104 as of October 2018, and the number is expected to double in 2030, reaching to approximately 14,200. The expected life span of buildings constructed by reinforced concrete in Hong Kong is up to 50 to 80 years. Nevertheless, if buildings undertake constant and appropriate repair and maintenance works, the life span can be substantially increased by up to 100 years. Therefore, it is crucial for owners to carry out rehabilitation works for buildings, especially the aged buildings. Therefore, the increasing number of aged buildings has been driving the demand for RMAA works and thus the RMAA works industry in Hong Kong.

Government's initiatives to enhance building safety

To tackle the problem of neglecting building safety, the MBIS and MWIS were implemented in 2012 by the Buildings Department. Under the MBIS and MWIS, after carrying out inspection works, owners of buildings may need contractors to carry out RMAA works of the windows, common parts, external walls and projections or signboards of the buildings. From 2012 to 2017, the Buildings Department has targeted approximately 5,100 and 9,400 buildings in aggregate for inspection under the MBIS and MWIS respectively, creating demand for the RMAA works industry in Hong Kong.

Term contracts issued by the government authorities

Term contracts issued by the government authorities are also an important market driver of the RMAA works industry in Hong Kong. Different government authorities such as the Hong Kong Housing Authority and the Architectural Department would regularly release term contracts of maintenance works for government-owned facilities. Take for instance, the awarding of District Term Contracts (DTCs) from the Housing Authority will give contractors the sole responsibilities for the maintenance, improvement and vacant flat refurbishment works of all the Housing Authority's properties within the particular district. These high-value contracts are awarded since 2009 from the Housing Authority and have been a constant source of revenue generated in the RMAA works industry.

Operation Buildings Bright 2.0

To improve the safety of residential buildings, the Hong Kong government has increased its support for building rehabilitation projects through tightened regulations and enhanced subsidies. According to the latest Policy Agenda, the government will launch "Operation Building Bright 2.0" with a funding of around HK$3.0 billion to subsidize owners or occupiers for undertaking rehabilitation works in respect of aged buildings in need of repair. With the increasing number of old buildings and government's subsidies, the demands for buildings' maintenance will remain large for the coming years, which is expected to provide continuous opportunities to the RMAA works industry.

Entry barriers of the RMAA works industry

High capital requirements

Sufficient capital for project initiations and adequate capital management throughout the whole project to finance operations are the two essential factors for new entrants to take into consideration. Net cash outflows often incur at an early stage of an RMAA project, especially for DTCs due to the long administration period of payments handled by the government authorities. A stable and sufficient capital flow is crucial to guarantee the payment of wages to workers (e.g. project manager, technical personnel) and the payment of subcontracting fees. Therefore, new entrants with insufficient capital may face difficulties in operations and project management.

Threats and challenges to the RMAA works industry

Labour shortage and increasing labour cost

Labour shortage has been a long-standing problem in the construction industry as well as the RMAA works industry. According to the CIC, workers engaged in the RMAA works industry such as plumbers, fire service electrical fitters as well as painters and decorators, are on the List of Shortage Trades. Moreover, the

RMAA works industry is facing the ageing problem of workers. The lack of workers may extend the duration of the RMAA projects and aversively affect the quality of works, thus posing threats to the RMAA works industry.

Increasing labour cost

Labour cost is one of the major costs of RMAA works industry. Contractors are paying a higher wage to retain existing skilled workers and attract younger labour into the industry. The average wages of the workers engaged in the RMAA works industry increased from HK$911.5 per day in 2012 to HK$1,397.5 per day in 2017, at a CAGR of approximately 8.9%. The increasing labour costs may result in increasing operation cost, hindering the development of the RMAA works industry in Hong Kong.

COMPETITIVE ADVANTAGES OF THE GROUP

Please refer to the section headed "Business – Our competitive strengths" for a detailed discussion of our Company's competitive strengths.

This section sets forth summaries of certain aspects of Hong Kong laws, rules and regulations which are relevant to our operations and business.

A. LAWS AND REGULATIONS IN RELATION TO THE CONTRACTOR LICENSING REGIME

General Building Contractor

Under the current contractor registration system in Hong Kong, a contractor carrying out public or private building works and street works must be registered with the Buildings Department as a (i) general building contractor, (ii) specialist contractor or (iii) minor works contractor. We are holding the General Building Contractor Licence issued by the Buildings Department.

Registered general building contractors may carry out general building works and street works which do not include any specialised works in the designated categories.

Under section 8B(2) of the Buildings Ordinance, an applicant for registration as a registered general building contractor must satisfy the Buildings Department on the following aspects:

(a) if it is a corporation, the adequacy of its management structure;

(b) the appropriate experience and qualifications of its personnel;

(c) its ability to have access to plant and resources; and

(d) the ability of the person appointed to act for the applicant for the purposes of the Buildings Ordinance to understand building works and street works through relevant experience and a general knowledge of the basic statutory requirements.

In considering each application to register as a registered general building contractor, the Buildings Department takes into account the qualifications, competence and experience of the following key personnel of the applicant:

(a) a minimum of one person appointed by the applicant to act for the applicant for the purposes of the Buildings Ordinance, that is the "Authorised Signatory(ies)";

(b) for a corporation – a minimum of one director from the board of directors of the applicant, that is referred to as the "Technical Director(s)" who is authorised by the board to:

  (i) have access to plant and resources;

  (ii) provide technical and financial support for the execution of building works and street works; and

(iii) make decisions for our company and supervise the Authorised Signatory and other personnel for the purpose of ensuring that the works are carried out in accordance with the Buildings Ordinance;

(c) for a corporation which appoints a director who does not possess the required qualification or experience as Technical Director to manage the carrying out of building works and street works – an "Other Officer" authorised by the board of directors to assist the Technical Director.

Under Section 8C(2) of the Buildings Ordinance, a registered contractor should apply to the Building Authority for renewal of registration not earlier than four months and not later than 28 days prior to the date of expiry of the registration.

Electrical Contractors

All contractors engaged in electrical work on fixed installations must be registered with the Electrical and Mechanical Services Department. To be qualified as a registered electrical contractor, an applicant must either employ at least one registered electrical worker or:

(a) if the applicant is an individual, he/she must be a registered electrical worker; or

(b) if the applicant is a partnership, at least one of the partners must be a registered electrical worker.

Under regulation 13 of the Electricity (Registration) Regulations, a registered contractor should apply to the Director of Electrical and Mechanical Services for renewal of registration at least one month before and no earlier than four months before to the date of expiry of the registration.

Wecon Limited and WCE are registered electrical contractors.

Qualifications

The table below sets out the details of the current qualifications held by our Group:

				Requirements for retention of qualification		
	Qualification	Issuing Authority	With effect from	Minimum employed capital	Minimum working capital	Minimum technical and management criteria/other requirements
1	Registered General Building Contractor	Buildings Department	12 November 2014	N.A.	N.A.	(1) The minimum requirements on the qualifications and experience of the key personnel of the applicant shall be as follow: (i) Technical Director with at least three years' local experience in building industry and obtained a bachelor degree or equivalent in a relevant field; Authorised Signatory with at least five years' experience in building industry and has worked for not less than 18 months in local building project(s) and obtained at least a higher certificate diploma or equivalent in a relevant field; or (ii) Technical Director with at least eight years' local experience in building industry; Authorised Signatory with at least five years' experience in building industry and has worked for not less than 18 months in local building project(s) and obtained at least a bachelor degree or equivalent in a relevant field; or (iii) Technical Director with at least eight years' local experience in building industry; Authorised Signatory with at least five years' experience in building industry and has worked for not less than 18 months in local building project(s) and obtained at least a higher certificate, diploma or equivalent in a relevant field; Other officer with at least three years' local experience in building industry and obtained at least a bachelor degree or equivalent in a relevant field; or (iv) Technical Director with at least three years' experience in building industry and obtained at least a bachelor degree or equivalent in a relevant field; Authorised Signatory with at least 12 years' experience in building industry and has worked for not less than 30 months in 5 local building projects and was an authorised signatory under the previous registration system and has completed a recognised top-up course; or (v) Technical Director with at least 12 years' experience in managing a building contractor company or equivalent and was an authorised signatory under the previous registration system and has completed a recognised top-up course; Authorised Signatory with at least 12 years' experience in building industry and has worked for not less than 30 months in 5 local building projects and was an authorised signatory under the previous registration system and has completed a recognised top-up course; or of such qualification and experience as provided in (i), (ii) and (iii) above.

				Requirements for retention of qualification		
	Qualification	Issuing Authority	With effect from	Minimum employed capital	Minimum working capital	Minimum technical and management criteria/other requirements
2	Group C (probationary) – Approved Contractors for Public Works – Buildings category	WBDB	25 July 1994	HK$15.7 million plus HK$2.0 million for every HK$100 million of annualised outstanding works or part thereof above HK$1,010 million	HK$15.7 million or 8% on the first HK$1,010 million of annualised outstanding works and 10% on remainder, whichever is higher	(1) Satisfactory completion of at least two contracts within the past 5 years as the main contractor. Each contract shall be representative in size and complexity of Architectural Service Department projects, and value over the probationary limit of Group C; (2) Top management: At least one member of the resident top management shall have a minimum experience of five years, out of which three years shall be local experience, in managing a construction firm obtained in the past eight years; (3) Technical staff: At least two persons with a relevant degree from a Hong Kong university or equivalent with at least five years post-graduate working experience, out of which three years shall be local experience, in building works
2	Group NW1 (probationary) Housing Authority List of Building Contractors – Building (New Works) Category	Housing Authority	25 April 2009	HK$4.9 million + HK$2.9 million for every HK$43 million of outstanding works or part thereof above HK$73 million (subject to a maximum of HK$10.6 million); or 10% of total assets, whichever is higher	HK$4.9 million or 10% of outstanding works, whichever is higher	(2) Registered General Building Contractor under Buildings Ordinance; (3) Possess the following certificates: ISO 9001, ISO 14001, ISO 50001 and OHSAS 18001; (4) Have the following past work record in building construction contracts within last three years: at least one satisfactory completed project as main contractor in HK within the past three years. The minimum of which is HK$275.0 million and the project should be a residential building similar in size and complexity of Housing Department projects (for admission only); (5) Employ the minimum number of full-time staff as follows:
				If total value of outstanding works reaches HK$148 million or above, then the following criteria will apply:		
				HK$14.8 million + HK$2.0 million for every HK$100 million of outstanding works or part thereof above HK$950 million; or 10% of total assets, whichever is higher	HK$14.8 million or 8% on first HK$950 million of outstanding works & 10% on remainder, whichever is higher	(i) 1 technical director who is registered in the Buildings Department and not to be the same person as contract manager/ project manager; (ii) 1 contract manager/project manager who has obtained the status as Hong Kong Institute of Architects ("HKIA")/Members of Hong Kong Institute of Surveyors ("MHKIS")/Members of Hong Kong Institution of Engineers ("MHKIE") or equivalent with 3 years relevant local managerial experience and capacity in the construction field or degree in architecture, building surveying, building technology & management, civil/structural engineering or equivalent with 5 years relevant local managerial experience and capacity in the construction field or higher diploma/higher certificate/diploma in architecture, building surveying, building technology & management, civil/structural engineering or equivalent with 8 years relevant local managerial experience and capacity in the construction field and registered as authorised signatory in the Buildings Department and not to be the same person as the technical director; (iii) 1 site agent who has obtained the status as Members of Hong Kong Institute of Clerks of Works ("MHKICW")/Members of Institute of Clerks of Works and Construction Inspectorate ("MICWCI") or equivalent with 5 years relevant local experience in construction industry or higher diploma/diploma/ higher certificate in building studies or civil/structural engineering or equivalent with 8 years relevant local experience in construction industry

				Requirements for retention of qualification		
	Qualification	Issuing Authority	With effect from	Minimum employed capital	Minimum working capital	Minimum technical and management criteria/other requirements
3	Group M2 (confirmed) Housing Authority List of Building Contractors – Maintenance Works Category	Housing Authority	16 October 2006	HK$ 10.1 million + HK$ 5.8 million for every HK$ 86 million of outstanding works or part thereof above HK$ 150 million (subject to a maximum of HK$ 21.7 million); or 10% of total assets, whichever is higher	HK$ 10.1 million or 10% of outstanding works, whichever is higher	(1) Registered General Building Contractor under Buildings Ordinance; (2) Possess the following certificates: ISO 9001, ISO 14001 and OHSAS 18001; (3) Have the following past work record in building maintenance/ improvement contracts: (i) Have completed, as main contractor, maintenance/improvement projects within the past three years for Housing Department, other government departments or private sector; (ii) Two of those completed projects stated above shall each cost not less than HK$30 million with records or satisfactory performance (4) Employ the minimum number of full-time staff as follows: (i) 1 technical director who is registered in the Buildings Department and not to be the same person as contract manager/ project manager; (ii) 2 contract managers/project managers who have obtained HKIA/ MHKIS/MHKIE or equivalent with 3 years relevant local managerial experience and capacity in the construction field or degree in architecture, building surveying, building technology & management, structural engineering or equivalent with 5 years relevant local managerial experience and capacity in the maintenance field or higher diploma/higher certificate/diploma in architecture, building surveying, building technology & management, structural engineering or equivalent with 8 years relevant local managerial experience and capacity in the construction or maintenance field and registered as authorised signatory in Buildings Department and not to be the same person as the technical director; (iii) 2 site agents who has obtained MHKICW/MICWCI or equivalent with 5 years relevant local experience in construction industry or higher diploma/diploma/higher certificate in building studies or civil/structural engineering or equivalent with 8 years relevant local experience in construction industry
				If the total value of outstanding works reaches HK$ 188 million or above, then the following criteria will apply:		
				HK$ 18.8 million + HK$ 2.0 million for every HK$ 100 million of outstanding works or part thereof above HK$ 950 million; or 10% of total assets, whichever is higher	HK$ 18.8 million or 8% on first HK$ 950 million of outstanding works & 10% in remainder whichever is higher	

Contractor List maintained by the WBDB

In order to tender for Government contracts, a contractor must be accepted on the Contractor List maintained by the WBDB. Although approvals granted by the WBDB are not required to be renewed annually, audited accounts of the approved contractors are submitted to the WBDB annually (in addition, a Group C contractor (as explained below) is also required to submit half-yearly management accounts) and may be produced to relevant Government works departments prior to the contract award in order to review the financial position of the approved contractors to ensure that they meet the capital requirements as set out by the WBDB.

If any approved contractor fails to meet the capital requirements in a particular category, it will not be eligible for any contract in that category. In the event the approved contractor fails to submit the accounts or fails to cover any shortfall in the required capital requirements within the prescribed period, regulatory actions such as suspension of tendering rights may be taken by the WBDB against such approved contractor.

The Contractor List is divided into five categories, namely, roads and drainage, port works, waterworks, buildings and site formation. There are three groups in each of the works categories (arranged in ascending order), namely, Group A (except that there are no Group A in port works and site formation categories), Group B and Group C, with the highest rank being Group C. Each group has its particular tendering limits. Other than in the most exceptional circumstances, a contractor will be admitted initially on probation in the appropriate works category and group. According to the Contractor Management Handbook of the Development Bureau, the minimum probationary period is 24 months. After the probationary period, approved contractors may apply to the WBDB for confirmed status provided they have met the following requirements:

(a) the technical and management criteria for confirmed status of each category of works; and

(b) the capital requirements applicable to confirmed status for each category of works.

A contractor may apply for "confirmed" status after the satisfactory completion of works appropriate to its probationary status. "Confirmed" contractors may apply to be elevated to a higher group which is subject to similar but more stringent criteria/requirements to that described above. Thus, it will normally take a number of years before a contractor can accumulate sufficient experience and financial and human resources to attain a confirmed Group C status for a particular category of construction works.

It is a requirement of the WBDB that all Group C contractors in Hong Kong must obtain ISO9000 certifications as one of the qualifications for tendering for Government contracts.

Contractors within each category are further divided into Group A, B or C according to the value of contracts for which they are normally eligible to tender. A contractor's status in a particular group will be either probationary or confirmed. Probationary contractors are limited in the number and value of contracts for which they are eligible to tender and to be awarded.

Moreover, Group C contractors will normally not be allowed to tender for contracts in Groups A and B unless the department considers that there may be an inadequate number of tenders as a result of the restriction. The following table sets out the value of works for which holders of each category of approved contractors on the Contractor List may tender. It is applicable to all the categories of works in the Contractor List:

Category	Authorised contract value
Group A (probation)	any number of Group A contracts provided that the total value of works in any one category does not exceed HK$100 million
Group A (confirmed)	contracts of value up to HK$100 million
Group B (probation)	any number of Group A and any number of Group B contracts provided that the total value of Group B works in any one category does not exceed HK$300 million
Group B (confirmed)	contracts of value up to HK$300 million
Group C (Probation)	a maximum of two Group C contracts provided that the total value of Group C works in any one category does not exceed HK$700 million
Group C (confirmed)	contracts of any value exceeding HK$300 million

Wecon Limited is registered as Approved Contractor (Group C probation) for public works, meaning that we are eligible to tender or for award of Group C contracts in the same category, provided that the total number of the Group C contract that we already holds and the Group C contract being procured under the same category does not exceed two (2) and that the total value of works in the Group C contracts that we already holds and the Group C contract being procured under the same category does not exceed HK$700 million.

Specialist List maintained by the WBDB

The Specialist List shall comprise suppliers and contractors who are approved for carrying out public works in one or more of the 50 categories. Some contractors within a category are further divided into classes in accordance with the type of works within that particular category and groups according to the value of contracts for which they are normally eligible to tender. Tender limits are applicable to 8 categories of works in the Specialist List.

Some categories in the Specialist List do not have probationary status, which includes the category of "Repair and Restoration of Historic Buildings". Financial checking is not required for applicants of 16 categories but shall be subject to review from time to time, which includes the category of "Repair and Restoration of Historic Buildings".

Contractors qualified/licensed with the WBDB are subject to a regulatory regime which is put in place to ensure that standards of financial capability, expertise, management and safety are maintained by contractors carrying out Government works.

Approved Contractors of the Housing Authority

The Housing Authority prescribes its own requirements for approved contractors to tender for its works. In order to tender for Housing Authority construction and maintenance projects, a contractor must be approved by the Housing Authority under the categories of either Building (New works) or Building (Maintenance works). Contractors must hold ISO9001, ISO14001, OHSAS18001 and, with effect from 1 January 2014 followed by a grace period until 31 December 2015 for contractors already approved by the Housing Authority, ISO50001 (for New works category only) certificates with respect to its own categories and are subject to stringent financial criteria, proven relevant record of over three years, management and on-site personnel requirements, probation and annual assessment on financial position.

The following table sets out the value of works for which approved contractors listed in the respective categories in the Housing Authority may tender:

Category	**Authorised contract value/type**
Building Work – New Works Category – Group NW1 (probation)	Restricted to undertake not more than one Group NW1 contract at any one time
Building Work – New Works Category – Group NW1 (confirmed)	Eligible to tender for new works contracts with a value up to HK$550 million
Building Work – New Works Category – Group NW2 (probation)	Restricted to undertake not more than one Group NW2 contract at any one time
Building Work – New Works Category – Group NW2 (confirmed)	Eligible to tender for new works contracts of unlimited value
Building Work – Maintenance Category – Group M1 (probation)	Restricted to undertake not more than three Group M1 direct contracts at any one time provided that the total value of outstanding works being undertaken does not exceed HK$50 million or for term contracts the total value of annual expenditure does not exceed HK$50 million
Building Work – Maintenance Category – Group M1 (confirmed)	Eligible to tender for maintenance and Works improvement contracts with a value of HK$50 million and for term maintenance and improvement contracts with an average annual expenditure of up to HK$50 million
Building Work – Maintenance Category – Group M2 (probation)	Restricted to undertake not more than three Group M2 direct contracts at any one time

Building Work – Maintenance Category – Group M2 (confirmed)	Eligible to tender for maintenance and improvement contracts of unlimited value

Wecon Limited is an Approved Contractor within the categories of Group M2 and Group NW1.

Regulatory actions against approved contractors by the WBDB and the Housing Authority

The Government may take regulatory actions against failure to submit audited accounts or meet the capital requirements within the prescribed period, unsatisfactory performance, serious misconduct, poor site safety record, and poor environmental performance, etc. For example, if a qualified/licensed contractor is convicted of a series of safety or environmental offences within a short period of time in a project, or if a fatal construction accident occurs at a construction site for which the contractor is responsible, the Government may take regulatory actions (including but not limited to removal, downgrading or demoting the contractor's qualification/licence to a lower status or class in all or any specified category) against the responsible contractor.

Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)

Under section 14(1) of the Buildings Ordinance, no person shall commence or carry out any building works without having obtained approval and consent from the Building Authority. Any person who intends to carry out alteration or addition building works in existing premises is required to appoint an authorised person, and, where necessary, a registered structural engineer, to prepare and submit plans for the approval of the Building Authority under the Buildings Ordinance. Such a person is also required to appoint a registered contractor to carry out the building works. The Building Authority may require that all such building works to be carried out in such a way that the building will comply with the standards of the Buildings Ordinance.

Under section 4(1) of the Buildings Ordinance, every person for whom building works or street works are to be carried out shall appoint:

(a) an authorised person as the co-ordinator of such building works or street works;

(b) a registered structural engineer for the structural elements of such building works or street works, if so required, under the Buildings Ordinance; and

(c) a registered geotechnical engineer for the geotechnical elements of such building works or street works if so required under the Buildings Ordinance.

B. LAWS AND REGULATIONS IN RELATION TO THE LABOUR, HEALTH AND SAFETY

Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong)

The Construction Workers Registration Ordinance ("CWRO") provides among others, for registration and regulation of construction workers. The principal object of the CWRO is to establish a system for registration of construction workers, to set out the levy to be paid by contractors in respect of construction operations and to regulate construction workers who personally carry out construction work on construction site.

1. Employment of Registered Construction Workers

Under the CWRO, the principal contractors/subcontractors/employers/controllers of construction sites are required to employ only registered construction workers to personally carry out construction work on construction sites (Sections 3(1) & 5 of the CWRO).

2. Keeping and Submission of Site Daily Attendance Report

Under the CWRO, a principal contractor/controller of a construction site is required to:

(a) establish and maintain a site daily record in the specified form that contains information on registered construction workers employed by him or, if he is the principal contractor, his subcontractor (Section 58(7)(a) of the CWRO); and

(b) furnish the registrar of construction workers under CWRO ("Registrar of Construction Workers") in such manner as directed by the Registrar of Construction Workers with a copy of the report:

  (i) for the period of seven days after any construction work begins on the site; and

  (ii) for each successive period of seven days, within two business days following the last day of the period concerned (Section 58(7)(b) of the CWRO).

3. Offences and Fines

The following table sets out the offences and fines for contravention of the CWRO:

Offence	**Relevant Sections of the CWRO**	**Fines** *(HK$)*	**Person responsible**
Employing a person who is not a registered construction worker to personally carry out construction work on a construction site	3(1), 5 & 6	25,001 – 50,000	Any person
Having a person employed by his subcontractor in contravention of Section 3(1) and (2) of the CWRO	6(4)(a)	25,001 – 50,000	Principal contractor
Failing to establish and maintain a daily record that contains information on the registered construction workers employed by the controller/subcontractor of the controller of a construction site	58(7)(a) & (8)	5,001 – 10,000	Controller of a construction site
Failing to furnish the Registrar of Construction Workers with a copy of the daily record for the period of seven days after the construction work begins on the site	58(7)(b)(i) & (8)	5,001 – 10,000	Controller of a construction site
Failing to furnish the Registrar of Construction Workers with a copy of the daily record for a successive period of seven days at the expiration of seven days after the construction work has begun on the site	58(7)(b)(ii) & (8)	5,001 – 10,000	Controller of a construction site

Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong)

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers in the industrial sector. Under the FIUO, it is the duty of a proprietor of an industrial undertaking to ensure, so far as is reasonably practicable, the health and safety at work of all persons employed by it at the industrial undertaking. The duties of a proprietor extend to include (a) providing and maintaining plant and work systems that do not endanger safety or health; (b) making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances; (c) providing all necessary information, instructions, training and supervision for ensuring safety and health; (d) providing and maintaining safe access to and egress from the workplaces; and (e) providing and maintaining a safe and healthy working environment.

A proprietor who contravenes any of these duties commits an offence and is liable to a fine of HK$500,000. A proprietor who contravenes any of these requirements wilfully and without reasonable defence commits an offence and is liable to a fine of HK$500,000 and imprisonment for six months.

Matters regulated under the subsidiary regulations of the FIUO, including the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), include (a) the prohibition of employment of persons under 18 years of age (save for certain exceptions); (b) the maintenance, inspection and operation of hoists; (c) the duty of contractors responsible for construction site to ensure safety of places or work; (d) prevention of falls; (e) safety of excavations; (f) the duty of contractors responsible for construction site to comply with miscellaneous safety requirements; and (g) provision of first aid facilities. Non-compliance with any of these rules commits an offence and different levels of penalty will be imposed. A contractor guilty of the relevant offence could be liable to a fine up to HK$200,000 and imprisonment up to twelve months.

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in workplaces, both industrial and non-industrial. Employers must as far as reasonably practicable ensure the safety and health in their workplaces by (a) provision and maintenance of plant and systems of work that are safe and without risks to health; (b) making of arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances; (c) providing all necessary information, instructions, training and supervision for ensuring safety and health; (d) as regards any workplace under the employer's control: (i) maintaining the workplace in a condition that is safe and without risks to health; and (ii) providing and maintaining means of access to and egress from the workplace that are safe and without any such risks; and (e)providing and maintaining a working environment for the employees that is safe and without risks to health.

Failure to comply with any of the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK$200,000 and imprisonment for six months.

The Commissioner for Labour may also issue an improvement notice against non-compliance of the OSHO or the FIUO or suspension notice against activity or condition of workplace which may create imminent risk of death or serious bodily injury. Failure to comply with such notice without reasonable excuse constitutes an offence punishable by a fine of HK$200,000 and HK$500,000, respectively, and imprisonment of up to twelve months.

Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)

The Employees' Compensation Ordinance ("ECO") establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases suffered by the employees.

Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 15 of the ECO, an employer must notify the Commissioner for Labour of any work accident by submitting the prescribed forms (submit Form 2B within fourteen (14) days for general work accidents which results in incapacity to an employee for a period not exceeding three days, or submit form 2 within fourteen (14) days for general work accidents which results in incapacity to an employee for a period exceeding three days or within seven days for fatal accidents) irrespective of whether the accident gives rise to any liability to pay compensation. If the happening of such accident was not brought to the notice of employer or did not otherwise come to his knowledge within such periods of seven or fourteen (14) days (as the case may be) then such notice shall be given not later than seven days or, as may be appropriate, fourteen (14) days after the happening of the accident was first brought to the notice of the employer or otherwise came to his knowledge.

Pursuant to section 24 of the ECO, a main contractor shall be liable to pay compensation to subcontractors' employees who are injured in the course of their employment to the subcontractors. The main contractor is, nonetheless, entitled to be indemnified by the subcontractors who would have been liable to pay compensation to the injured employee. The employees in question are required to serve a notice in writing on the main contractor before making any claim or application against such main contractor.

Pursuant to section 40 of the ECO, all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the ECO and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Where a main contractor has undertaken to perform any construction work, it may take out an insurance policy for an amount no less than HK$100 million per event (where the number of employees in relation to whom the policy is in force does not exceed 200) and no less than HK$200 million per event (where the number of employees in relation to whom the policy is in force exceeds 200) to cover its liability and that of its subcontractor(s) under the ECO and at common law.

An employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine at HK$100,000 and imprisonment for two years and on a summary conviction to a fine of HK$100,000 and imprisonment for one year.

Employment Ordinance (Chapter 57 of the Laws of Hong Kong)

A main contractor is subject to the provisions on wages of subcontractor's employees in the Employment Ordinance ("EO"). Under section 43C of the EO, if any wages become due to an employee who is employed by a subcontractor on any work which the subcontractor has contracted to perform, and such wages are not paid within the period specified in the EO, such wages shall be payable by the main contractor and every superior subcontractor jointly and severally. The liability of a main contractor and superior subcontractor (where applicable) is limited (a) to the wages of an employee whose employment relates wholly to the work which the main contractor has contracted to perform and whose place of employment is wholly on the site of the building works; and (b) to the wages due to such an employee for two months (such months shall be the first two months of the period in respect of which the wages are due).

Under section 43D of the EO, an employee who has outstanding wage payments from subcontractor must serve a notice in writing on the main contractor within sixty (60) days after the wage due date. A main contractor and superior subcontractor (where applicable) shall not be liable to pay any wages to the employee of the subcontractor if that employee fails to serve a notice on the main contractor. Upon receipt of such notice from the relevant employee, a main contractor shall, within fourteen (14) days after receipt of the notice, serve a copy of the notice on every superior subcontractor to that subcontractor (where applicable) of whom he is aware. A main contractor who without reasonable excuse fails to serve notice on the superior subcontractor(s) shall be guilty of an offence and shall be liable on conviction to a fine of HK$50,000.

Pursuant to section 43F of the EO, if a main contractor or superior subcontractor pays to an employee any wages under section 43C of EO, the wages so paid shall be a debt due by the employer of that employee to the main contractor or superior subcontractor, as the case may be. The main contractor or superior subcontractor may either (1) claim contribution from every superior subcontractor to the employee's employer or from the main contractor and every other such superior subcontractor as the case may be, or (2) deduct by way of setoff the amount paid by him from any sum due or may become due to the subcontractor in respect of the work that he has subcontracted.

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong)

The Occupiers Liability Ordinance ("OLO") regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land.

The OLO imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitor will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

Under section 38A of the Immigration Ordinance ("IO"), a construction site controller, (i.e. the main contractor and includes a subcontractor, owner, occupier or other person who has control over or is in charge of a construction site), shall take all practicable steps to (i) prevent having illegal immigrants from being on site or (ii) prevent illegal workers who are not lawfully employable from taking employment on site.

Where it is proved that (i) an illegal immigrant was on a construction site or (ii) such illegal worker who is not lawfully employable took employment on a construction site, the construction site controller commits an offence and is liable to a fine of HK$350,000.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

The Minimum Wage Ordinance ("MWO") provides for a prescribed minimum hourly wage rate (currently set at HK$34.5 per hour) during the wage period for every employee engaged under a contract of employment under the EO. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the MWO is void.

Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)

Employers are required to enrol their regular employees (except for certain exempt persons) aged between 18 but under 65 years of age and employed for 60 days or more in a Mandatory Provident Fund ("MPF") scheme within the first sixty (60) days of employment.

Employers are also required to enrol their casual employees, who are aged between 18 but under 65 years of age and employed in the construction industry on a day-to-day basis or for a fixed period of less than sixty (60) days in a MPF scheme within the first ten days of employment, regardless of the length of the employment period.

For both employees and employers, it is mandatory to make regular contributions into a MPF scheme. Industry schemes were established under the MPF system for employers in the construction industry in view of the high labour mobility in these two industries ("Industry Schemes"), and in fact most employees in such industry are casual employees.

For the purpose of the Industry Schemes, the construction industry covers the following eight major categories: (a) foundation and associated works; (b) civil engineering and associated works;(c) demolition and structural alteration works; (d) refurbishment and maintenance works; (e) general building construction works; (f) fire services, mechanical, electrical and associated works; (g) gas, plumbing, drainage and associated works; and (h)interior fitting-out works.

The Mandatory Provident Fund Schemes Ordinance does not stipulate that employers in the construction industry must join the Industry Schemes. The Industry Schemes provide convenience to the employers and employees in the construction industry. Casual employees do not have to switch schemes when they change jobs within the same industry, so long as their previous and new employers are registered with the same Industry Schemes. This is convenient for scheme members and saves administrative costs.

C. LAWS AND REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTION

Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)

The Air Pollution Control Ordinance ("APFCO") is the principal legislation in Hong Kong for controlling emission of air pollutants and noxious odour from construction, industrial and commercial activities and other polluting sources. Subsidiary regulations of the APFCO impose control on air pollutant emissions from certain operations through the issue of licences and permits. Under the APFCO, the owner of any premises used for the conduct of any specified process shall use the best practicable means for preventing the emission of noxious or offensive emissions from such premises, and for preventing the discharge, whether directly or indirectly, of such emissions into the atmosphere, and for rendering such emissions where discharged harmless and inoffensive. Any person who fails to comply with the above commits an offence and is liable to a fine of HK$200,000 and to imprisonment for six months, and, in addition, if the offence is a continuing offence, to a fine of HK$20,000 for each day during which it is proved to the satisfaction of the court that the offence has continued. No person shall be convicted of an offence if he proves that the specified process in respect of which he is charged was conducted by him in the manner and in accordance with the particulars and information notified by him under section 19(1) of the APFCO.

A contractor shall observe and comply with the APFCO and its subsidiary regulations, including without limitation the Air Pollution Control (Open Burning) Regulation (Chapter 311O of the Laws of Hong Kong) , the Air Pollution Control (Construction Dust) Regulation (Chapter 311 R of the Laws of Hong Kong), the Air Pollution Control (Smoke) Regulations (Chapter 311C of the Laws of Hong Kong) and Air Pollution control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong). The contractor responsible for a construction site shall devise, arrange methods of working and carry out the works in such a manner so as to minimise dust impacts on the surrounding environment, and shall provide experienced personnel with suitable training to ensure that these methods are implemented. Asbestos control provisions in the APFCO require that building works involving asbestos must be conducted only by registered qualified personnel and under the supervision of a registered consultant.

Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)

The Noise Control Ordinance ("NCO") regulates, among others, the noise from construction, industrial and commercial activities. A contractor shall comply with the NCO and its subsidiary regulations in carrying out construction works. For construction activities that are to be carried out during the restricted hours, construction noise permits are required from the Director of Environmental Protection in advance.

Under the NCO, construction works that produce noises and the use of powered mechanical equipment in populated areas are not allowed between 7:00 p.m. and 7:00 a.m. or at any time on general holidays, unless prior approval has been granted by the Director of Environmental Protection under through the construction noise permit system.

Any person who carries out any construction work except as permitted is liable on first conviction to a fine of HK$100,000 and on second or subsequent convictions to a fine of HK$200,000, and in any case to a fine of HK$20,000 for each day during which the offence continues.

Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)

The Water Pollution Control Ordinance ("WPCO") controls the effluent discharged from all types of industrial, manufacturing, commercial, institutional and construction activities into public sewers, rainwater drains, river courses or water bodies. For any industry/trade generating wastewater discharge (except domestic sewage that is discharged into communal foul sewers or unpolluted water to storm drains), they are subject to licensing control by the Director of Environmental Protection.

According to the WPCO, unless being licensed under the WPCO, a person who discharges any waste or polluting matter into the waters of Hong Kong in a water control zone or discharges any matter, other than domestic sewage and unpolluted water, into a communal sewer or communal drain in a water control zone commits an offence and is liable to imprisonment for six months and (a) for a first offence, a fine of HK$200,000; and (b) for a second or subsequent offence, a fine of HK$400,000, and in addition, if the offence is a continuing offence, to a fine of HK$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)

The Waste Disposal Ordinance ("WDO") controls the production, storage, collection, treatment, reprocessing, recycling and disposal of wastes. At present, livestock waste and chemical waste are subject to specific controls whilst unlawful deposition of waste is prohibited. Import and export of waste is generally controlled through a permit system.

Under the WDO, a person shall not use, or permit to be used, any land or premises for the disposal of waste unless he has a licence from the Director of Environmental Protection. A person who uses, or permits to be used, any land or premises for the disposal without such licence commits an offence and is liable to (i) a fine of HK$200,000 and to imprisonment for six months for the first offence; (ii) to a fine of HK$500,000 and to imprisonment for six months for a second or subsequent offence; and (iii) in addition, if the offence is a continuing offence, to a fine of HK$10,000 for each day during which it is proved to the satisfaction of the court that the offence has continued.

A contractor shall observe and comply with the WDO and its subsidiary regulations, including without limitation the Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong) and the Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong).

Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong)

Under the Dumping at Sea Ordinance ("DSO"), anyone involved in marine dumping and related loading operations are required to obtain permits from the Director of Environmental Protection. Materials to be controlled by the permit under DSO are mostly large quantities of sediment arising from dredging works.

Under the DSO, a person who except under and in accordance with a permit, does anything or causes or allows another person to do anything for which a permit is needed commits an offence and is liable on conviction to a fine of HK$200,000 and imprisonment for six months on a first conviction; and to a fine of HK$500,000 and imprisonment for two years on a second or subsequent conviction; and in addition, to a further fine of HK$10,000 for each day if the court is satisfied that the operation has continued.

Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong)

The purpose of the Environmental Impact Assessment Ordinance ("EIAO") is to avoid, minimise and control the adverse environmental impacts from designated projects as specified in Schedule 2 of the EIAO (for example, public utility facilities, certain large-scale industrial activities, community facilities, etc.) through the application of the environmental impact assessment process and the environmental permit system prior to their construction and operation (and decommissioning, if applicable), unless otherwise exempted.

Under the EIAO, a person commits an offence if he constructs or operates a designated project as listed in Part I of Schedule 2 of the EIAO (which includes roads, railways and depots, dredging operation, residential and other developments, etc.) or decommissions a designated project listed in Part II of Schedule 2 of the EIAO without an environmental permit for the project; or contrary to the conditions, if any, set forth in the permit. The offender is liable (a) on a first conviction on indictment to a fine of HK$2.0 million and imprisonment for six months; (b) on a second or subsequent conviction on indictment to a fine of HK$5.0 million and imprisonment for two years; (c) on a first summary conviction to a fine of HK$100,000 and imprisonment for six months; (d) on a second or subsequent summary conviction to a fine of HK$1.0 million and imprisonment for one year, and in any case where the offence is of a continuing nature, the court or magistrate may impose a fine of HK$10,000 for each day on which he is satisfied the offence continued.

Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)

Pursuant to section 127 of the Public Health and Municipal Services Ordinance ("PHMSO"), where a nuisance notice is served on the person by reason of whose act, default or sufferance the nuisance arose or continues, or of that person cannot be found on the occupier or owner of the premises or vessel on which the nuisance exists, then if either the nuisance to which the notice relates arose by reason of the wilful act or default of that person; or that person fails to comply with any of the requirements of the notice within the period specified therein, that person shall be guilty of an offence.

Emission of dust from any building under construction or demolition in such manner as to be a nuisance is actionable under the PHMSO. Maximum penalty is HK$10,000 upon conviction with a daily fine of HK$200. Discharge of muddy water etc. from a construction site is actionable under the PHMSO. Maximum fine is HK$5,000 upon conviction.

Any accumulation of water on any premises found to contain mosquito larvae or pupae is actionable under the PHMSO. Maximum penalty is HK$25,000 upon conviction and a daily fine of HK$450.

Any accumulation of refuse which is a nuisance or injurious to health is actionable under the PHMSO. Maximum penalty is HK$10,000 upon conviction and a daily fine of HK$200.

Any premises in such a state as to a nuisance or injurious to health is actionable under the PHMSO. Maximum penalty is HK$10,000 upon conviction and a daily fine of HK$200.

Law and regulation in relation to levy

Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong)

In accordance with section 32 of the Construction Industry Council Ordinance, a Construction Industry Levy at a rate of 0.5% is imposed in respect of all construction works or operations carried out in Hong Kong with a total value exceeding HK$1.0 million.

Construction works include building works; construction, alteration, repair, maintenance, extension, demolition or dismantling of buildings or structures, power-lines, telecommunications apparatus or pipelines; supply and installation of fittings or equipment in any building or structures; supply and installation of fittings or equipment in any building or structures; external or internal cleaning of any buildings or structures; and operations which form an integral part of, or are preparatory to any of the above operations.

Where the total value of our construction works under a contract exceeds HK$ 1.0 million, our Group is responsible for paying the proportionate Construction Industry Levy to the Construction Industry Council.

Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Chapter 360 of the Laws of Hong Kong) and Pneumoconiosis and Mesothelioma (Compensation) (Assessment of Levy) Regulations (Chapter 360A of the Laws of Hong Kong)

According to section 35 of the Pneumoconiosis and Mesothelioma (Compensation) Ordinance ("PMCO"), pneumoconiosis compensation fund levy ("PCFL") is imposed in respect of construction operations carried out in Hong Kong. PCFL is rated at 0.15% of the value of the construction operations and not chargeable if the total value (as defined under section 39D of PMCO) do not exceed HK$1.0 million. Pursuant to section 39A of the PMCO, PMCO does not apply to construction operations for domestic unit, or for the sole and principal purpose of renovation.

Pursuant to section 35(5) of the PMCO, the contractor is liable to make a payment of PCFL only if the Pneumoconiosis Compensation Fund Board ("PCFB") serves a Notice of Assessment ("NOA"). PCFL, surcharge, penalty or further penalty is recoverable by the PCFB as civil debt under the jurisdiction of the District Court. Fraudulent evasion of the payment of PCFL is liable for a fine of HK$10,000 or twenty (20) times the amount of PCFL, whichever is greater.

Contractors are required to:

(a) in accordance with section 4 of the Pneumoconiosis and Mesothelioma (Compensation) (Assessment of Lexy) Regulations ("PMCALR"), inform the PCFB the commencement of construction operations within fourteen (14) days thereafter by a notice of commencement (Form 1B). Failure to comply without reasonable excuse is liable for a fine of HK$5,000;

(b) in accordance with section 5 of the PMCALR, inform the PCFB within fourteen (14) days after the contractor receives a payment in respect of the construction operation by a Notice of Payment ("NOP") (Form 2B). Failure to comply without reasonable excuse is liable for a fine of HK$5,000; and

(c) in accordance with section 5A of the PMCALR, inform the PCFB the completion of the construction operations within fourteen (14) days by a Notice of Completion ("NOC") (Form 3B). Failure to comply without reasonable excuse is liable for a fine of HK$5,000.

According to section 6 of the PMCALR, the PCFB shall assess the PCFL payable upon receiving the NOP or NOC and give a NOA in writing specifying the amount of PCFL. The PCFB can make the assessment notwithstanding no NOP or NOC has been given. If a contractor fails to give the NOP or NOC, a surcharge not exceeding twice the amount of the PCFL payable may be imposed and a Notice of Surcharge ("NOS") in writing shall be given by the PCFB.

According to section 37 of the PMCO and section 11 of the PMCALR, if the contractor fails to pay in full the amount of levy or surcharge within twenty-eight (28) days after the NOA or NOS is given, a 5% penalty of the unpaid amount shall be imposed. If the contractor still fails to pay the unpaid amount within three months after the expiry of twenty-eight (28) days, a further 5% penalty of the unpaid amount or HK$1,000 whichever is greater shall be imposed.

The time limits for the PMFB to make the assessment or imposing the surcharge under sections 6E to 6H of the PMCALR are, whichever is the last of the following periods:

(a) two years after the completion of all construction operations under the contract, or without term contract two years after the completion of the construction operations;

(b) two years after the expiry of the period within which the contract stipulates that all such construction operations have to be completed; and

(c) one year after evidence, sufficient in the opinion of the PMFB to justify the making of the assessment, comes to its knowledge.

Proposed Security of Payment Legislation for the Construction Industry

The Government has completed a public consultation on a new legislation for the construction industry to address unfair payment terms, payment delays and disputes. Proposed Security of Payment Legislation for the Construction Industry ("SOPL") is intended to encourage fair payment, rapid dispute resolution and increase cash flow in the contractual chain.

When it comes into force, SOPL will apply to all written and oral contracts where construction works or plant and materials are being supplied for works in Hong Kong. All public sector construction contracts will be caught by the legislation, whereas only construction and supply contracts relating to a "new building" (as defined by the Buildings Ordinance) which has an original value in excess of HK$5.0 million will be caught in private sector. However, where SOPL applies to the main contract, it will automatically apply to all subcontracts in the contractual chain.

The new legislation will (a) prohibit "pay when paid" and similar clauses in contracts. Payers will not be able to rely on such clauses in dispute resolution forums; (b) prohibit payment periods of more than sixty (60) calendar days for interim payments or one hundred and twenty (120) calendar days for final payments; (c) enable amounts due for construction work or materials or plant supplies to be claimed as statutory payment claims, upon receipt of which the payer has thirty (30) calendar days to serve a payment response, and either party has a statutory right to refer the matter to adjudication for decision (typically a 60-day process); and (d) give parties who have not been paid amounts admitted as due the right to suspend works until payment is made.

Under the scope of the proposed SOPL, the parties will retain a large degree of freedom to agree payment terms, such as when claims for payment can be made for works, services or supplies and how payments are valued. The adjudication model under the proposed SOPL that provides a means to resolve payment disputes expediently is available not only to subcontractors but also to main contractors, which allows main contractors to be entitled to adjudicate against its customer for payment.

The proposed SOPL is subject to the finalisation of the legislation framework and the legislative process by the Government.

OVERVIEW

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 March 2018. Pursuant to the Reorganisation as more particularly described in the paragraph headed "Reorganisation" in this section, our Company has become the holding company of our Group for the purpose of the Listing and holds the entire interests of three subsidiaries, namely, Wecon Holdings (BVI) Limited, Wecon Limited and WCE.

BUSINESS DEVELOPMENT

Prior to the establishment of our Group, Mr. KY Tsang had accumulated years of experience as project manager in the building construction industry. In 1983, eyeing on the development potential of the building construction industry of Hong Kong as the economy of Hong Kong soared in the late 1980s, Mr. KY Tsang joined Wecon Limited to found the business. Wecon Limited was awarded by the Buildings Department the Certificate of Registration of Registered Contractor in 1984. At the start of the business, Wecon Limited initially undertook building works in its capacity as a subcontractor in the private sector.

In order to diversify its business, Wecon Limited started to expand to building construction works in the public sector. In 1990, Wecon Limited became the approved contractor of the Housing Authority as it acquired the status of approved contractor under Group NW1 (probationary) of the Building (New Works) category. In 2006, Wecon Limited also became an approved contractor of the Housing Authority under the Group M2 (confirmed) of the Building (Maintenance) category, as Wecon Limited tapped into the market of provision of RMAA works services to existing buildings.

Wecon Limited was further admitted to the Group B (confirmed) of the Buildings category of the Contractor List in 1992 and Group C (probationary) of the Buildings category of the Contractor List in 1994, which marked the qualification and capability of Wecon Limited in undertaking Government projects for public works without maximum contractual amount limit. Since then, Wecon Limited undertook building and construction works as main contractor and completed numerous construction projects. We have established our presence in the building construction industry and received a number of awards and recognitions, details of which are set out in the section headed "Business" in this prospectus.

In order to better manage the projects in private and public sectors, in 1990, WCE was incorporated to undertake building and construction projects in the private sector while Wecon Limited continued to undertake both private and public building construction projects.

Since the commencement of business of Wecon Limited in 1984, Mr. KY Tsang has been participating in the day-to-day management and operation of our Group. For details of Mr. KY Tsang's background and experience, please refer to the paragraph headed "Directors and Senior Management – Directors – Executive Directors" in this prospectus.

We pride ourselves on the projects which we are capable to tender for with a large variety of customers in both the private and public sectors and quality of work which we provide in our building construction projects. As early as 2003, the HKQAA certified Wecon Limited for its quality management system meeting the standard of ISO 9001:2015 for construction of building and maintenance works, respectively. In 2011, Wecon Limited received the certification of ISO9001:2015, ISO14001:2014 and

OHSAS 18001:2007 for its quality management system, environmental management system and occupational health and safety management system, respectively while WCE obtained all said certifications in 2015.

OUR MILESTONES

The key milestones in our Group's development to date are set out below.

Year	Events
1974	Wecon Limited was incorporated
1984	Wecon Limited obtained the certificate of registration of registered contractor issued by the Buildings Authority
	Mr. KY Tsang joined Wecon Limited and Wecon Limited commenced business as subcontractors for building and construction works
1990	Wecon Limited became listed on Group NW1 (probationary) contractor in the Building (New Works) category with the Housing Authority
	WCE was incorporated to undertake building and construction projects in the private sector
1994	Wecon Limited became listed on Group C (probationary) under the Buildings category of the Contractor List
1998	Wecon Limited participated in the construction of the Hong Kong station project by top-down method
1999	Wecon Limited was awarded the Good People Management Award by the Labour Department
2003	Wecon Limited was certified by the HKQAA for its quality management system meeting the standard of ISO 9001 for construction of building and maintenance works
2004	Wecon Limited was awarded the Good People Management Award by the Labour Department
2006	Wecon Limited became listed on Group M2 (confirmed) contractor in the Building (Maintenance Works) category with the Housing Authority
2011	Wecon Limited received the certification of ISO 9001 for quality management system, ISO 14001 for environmental management system and OHSAS 18001 for energy management system

2018	Wecon Limited was awarded the Quality Building Award 2018 – Merit Award – Hong Kong Non-Residential (New Building – Non-Government, Institution or Community) category – H Queen's jointly by The Hong Kong Construction Association, The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers, The Hong Kong Institution of Engineers, The Hong Kong Institute of Housing, The Hong Kong Institute of Surveyors, The Hong Kong Quality Assurance Agency, The Hong Kong Chapter of International Facility Management Association and The Real Estate Developers Association of Hong Kong Wecon Limited was also awarded the 2017 HKCA Safety Merit Award by the Hong Kong Construction Association.

CORPORATE DEVELOPMENT

The following is a brief corporate history of the establishment and major changes in the shareholdings of our Company's subsidiaries since their respective dates of incorporation:

Wecon Holdings (BVI) Limited

Wecon Holdings (BVI) Limited was incorporated in the BVI with limited liability on 11 May 2018. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with no par value. It principally engages in investment holding.

On 11 May 2018, Wecon Holdings (BVI) Limited received a cash consideration of US$1.00 and allotted and issued one subscriber share, representing the entire issued share of Wecon Holdings (BVI) Limited, credited as fully paid, to our Company. Wecon Holdings (BVI) Limited then became wholly owned by our Company.

Wecon Limited

Wecon Limited was incorporated in Hong Kong on 30 April 1974 by two Independent Third Parties. On 21 October 1983, Mr. KY Tsang acquired 33.3% shareholding interest in Wecon Limited from the then shareholders of Wecon Limited at par. There was no active business activities engaged by Wecon Limited until 1984.

Subsequent to a series of allotments and issuances of shares and share transfers by the shareholders of Wecon Limited at the relevant time which took place between November 1984 to April 1988, Mr. KY Tsang and another business partner, an Independent Third Party, acquired 83.3% and 16.7% of the issued share capital of Wecon Limited, respectively. The issued share capital of Wecon Limited was increased to HK$2,700,000 divided into 270,000 shares of HK$10 each, HK$4,200,000 divided into 420,000 shares of HK$10 each and HK$12,600,000 divided into 1,260,000 shares of HK$10 each on 8 May 1989, 27 June 1990 and 25 March 1992, respectively and Wecon Limited continued to be owned as to 83.3% and 16.7% by Mr. KY Tsang and the other business partner respectively after the increases in the share capital.

Due to the intention of the business partner to realise the investment in Wecon Limited pursuant to his relocation plan and Mr. KY Tsang's interest in the business, on 29 January 1997, Mr. KY Tsang acquired the remaining 16.7% shareholding interest in Wecon Limited from the other business partner at the total consideration of HK$3,139,700. The basis of consideration was determined at the net asset value of each share based on the management account prepared up to September 1996. The consideration was duly and fully settled on 7 May 1997 and upon the completion of the acquisition, Mr. KY Tsang, through himself and two nominee companies, held the beneficial ownership of all issued shares in Wecon Limited.

Subsequently, on 8 August 1997, special resolutions were passed by the shareholders of Wecon Limited to create a new class of deferred non-voting shares of HK$10 each and to convert all the then existing shares from ordinary shares into non-voting deferred shares. As a result, Mr. KY Tsang, through himself and two nominee companies, was interested in an aggregate of 1,260,000 non-voting deferred shares of HK$10 each. On the same day, one and nine new ordinary shares of HK$10 each were allotted to Top World and Multiland at par, respectively. The entire issued share capital of each of Multiland and Top World, being the investment vehicles of Mr. KY Tsang with its principal business being investment holding, was held by New Pacific as trustee for and on behalf of the New Pacific Trust. The beneficiary of all the trust units of the New Pacific Trust was Mr. KY Tsang.

The rights and restrictions of the non-voting deferred shares in the capital of Wecon Limited are as follows:

(a) As regards to income: the profits which Wecon Limited may determine to distribute in respect of any financial year shall be distributed as regards the first HK$1,000,000,000,000.00 thereof among the holders of ordinary shares according to the amounts paid up on the ordinary shares held by them respectively and one per cent of the balance of the said profits shall be distributed among the holders of the non-voting deferred shares and the ninety-nine per cent among the holders of ordinary shares according in each case to the amounts paid up on the shares held by them respectively, but no amount paid up on a share in advance of calls shall be treated for the purposes of the articles of association of Wecon Limited as paid up on the share. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid except that if any share is issued on terms providing that it shall rank for dividend as if paid up (in whole or in part) as from a particular date such share shall rank for dividend accordingly.

(b) As regards to capital: on a return of assets on winding up or otherwise the assets of Wecon Limited to be returned shall be distributed as regards the first HK$100,000,000,000,000.00 thereof among the holders of ordinary shares in proportion to the nominal amounts of ordinary shares held by them respectively and one per cent of the balance of such assets (if any) shall belong to and be distributed among the holders of the non-voting deferred shares and the ninety-nine per cent thereof to and among the holders of the ordinary shares in proportion in each case to the nominal amounts of the shares held by them respectively.

(c) As regards to voting: on a show of hands every holder of ordinary shares who is present in person or is represented by proxy shall have one vote, and on a poll every holder of ordinary shares present in person or by proxy shall have one vote for every ordinary share held by him

but the non-voting deferred shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general meeting of Wecon Limited except general meetings convened for the purpose of reducing the capital of Wecon Limited or altering their class rights. Accordingly, where reference is made in any of the articles of association of Wecon Limited to the rights of members as regards voting the term "member" shall not include a reference to the holder of a non-voting deferred share.

On 8 July 1999, the legal ownership of the non-voting deferred shares held by the two nominee companies for and on behalf of Mr. KY Tsang were both transferred back to Mr. KY Tsang at nil consideration. Upon the completion of the transfers, Mr. KY Tsang became the legal and beneficial owner of all the 1,260,000 non-voting deferred shares in Wecon Limited.

Wecon Limited further allotted and issued 8,000 and 212,000 non-voting deferred shares of HK$10 each to Mr. KY Tsang at par on 13 December 2010 and 22 October 2015 respectively. Subsequent to such allotments, Mr. KY Tsang owned 1,480,000 non-voting deferred shares in aggregate.

On 26 October 2018, 90,000 ordinary shares were allotted and issued to Top World and Multiland according to their then existing shareholding by way of capitalisation issue. Upon completion of the capitalisation issue, the issued share capital of Wecon Limited was increased to HK$15,700,100 divided into 90,010 ordinary shares and 1,480,000 non-voting deferred shares, out of which Top World, Multiland and Mr. KY Tsang legally and beneficially owned 81,009 ordinary shares, 9,001 ordinary shares and 1,480,000 non-voting deferred shares respectively.

Prior to the Reorganisation, Wecon Limited had two classes of shares, namely ordinary shares and non-voting deferred shares. The issued share capital were HK$900,100 divided into 90,010 ordinary shares and HK$14,800,000 divided into 1,480,000 non-voting deferred shares, out of which Top World, Multiland and Mr. KY Tsang legally and beneficially owned 81,009 ordinary shares, 9,001 ordinary shares and 1,480,000 non-voting deferred shares respectively. The entire issued share capital of both Top World and Multiland were held by New Pacific as trustee for and on behalf of the New Pacific Trust, the beneficiary of which is Mr. KY Tsang.

WCE

WCE was incorporated in Hong Kong on 20 April 1990. On 19 October 1990, it changed its name from Fort Capital Company Limited to Wecon Construction & Engineering Company Limited. Ms. Chan Wai Lin ("Ms. Chan"), who was the late mother of Mr. KY Tsang, and New Pacific were the initial shareholders of WCE. WCE is one of our major operating subsidiaries, principally engaging in the engineering, building construction and provision of RMAA services. On 8 August 1997, each of Ms. Chan and New Pacific respectively transferred one share to Multiland and Top World at par, the entire issued share capital of each of which was held by New Pacific as trustee for and on behalf of the New Pacific Trust. The beneficiary of all the trust units issued by the New Pacific Trust was Mr. KY Tsang.

Subsequent to a series of allotments and issuances of shares by WCE to Multiland and Top World at the relevant time which took place between 1997 to 2005, WCE was owned as to 240,000 shares and 80,000 shares by Top World and Multiland representing 75% and 25% of the issued share capital of WCE respectively.

Prior to the Reorganisation, WCE had an issued share capital of HK$3,200,000 divided into 320,000 shares, out of which Top World and Multiland legally and beneficially owned 240,000 shares and 80,000 shares, respectively. The entire issued share capital of both Top World Capital and Multiland were held by New Pacific as trustee for and on behalf of the New Pacific Trust, the beneficiary of which is Mr. KY Tsang.

REORGANISATION

Our Group underwent the Reorganisation in preparation for the Listing, which involved the following steps:

Incorporation of Triple Arch

On 15 February 2018, Triple Arch was incorporated in BVI with limited liability. It is authorised to issue a maximum of 50,000 ordinary shares of one class with a par value of US$1.00 each. On 8 March 2018, Triple Arch allotted and issued one share with a par value of US$1.00, representing the entire issued share of Triple Arch, as fully paid to Mr. KY Tsang and Triple Arch became wholly owned by Mr. KY Tsang. Triple Arch principally engages in investment holding and is one of our Controlling Shareholders.

Incorporation of our Company

On 23 March 2018, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, it had an authorised share capital of HK$380,000 divided into 38,000,000 Shares.

On the date of its incorporation, our Company allotted and issued one subscriber Share as fully paid to a nominee subscriber. On the same date, the nominee subscriber as transferor executed an instrument of transfer in favour of Triple Arch as transferee, pursuant to which the nominee subscriber transferred the one Share, representing the entire issued share capital of our Company, to Triple Arch for a consideration of HK$0.01. Such transaction was properly and legally completed and settled. On 23 March 2018, our Company further allotted and issued 99 Shares as fully paid to Triple Arch. The entire issued share capital of our Company then became wholly owned by Triple Arch.

Incorporation of Wecon Holdings (BVI) Limited

On 11 May 2018, Wecon Holdings (BVI) Limited was incorporated in the BVI with limited liability. It is authorised to issue up to a maximum of 50,000 shares with no par value. On the date of its incorporation, Wecon Holdings (BVI) Limited received a cash consideration of US$1.00 and allotted and issued one share, credited as fully paid, to our Company, representing the entire issued share capital of Wecon Holdings (BVI) Limited. The entire issued share capital of Wecon Holdings (BVI) Limited then became wholly owned by our Company.

Disposal of one share in WCML by WCE

Immediately before the Reorganisation, WCE and Top World legally and beneficially owned one share and 99,999 shares in WCML, representing 0.001% and 99.999% of the issued share capital of WCML, respectively.

On 21 December 2018, as part of the Reorganisation, WCE (as transferor) and Top World (as transferee) entered into an instrument of transfer, pursuant to which WCE transferred one share in WCML to Top World at par value.

Upon the completion of the transfer of the one share in WCML from WCE to Top World, WCE would no longer hold any share in WCML which would become a company excluded from our Group upon completion of the Reorganisation.

Acquisition of Wecon Limited by Wecon Holdings (BVI) Limited

Immediately prior to the Reorganisation, Multiland, Top World and Mr. KY Tsang legally and beneficially owned 9,001 ordinary shares, 81,009 ordinary shares and 1,480,000 non-voting deferred shares in Wecon Limited, respectively, representing the entire issued share capital of Wecon Limited.

On 21 December 2018, Multiland, Top World and Mr. KY Tsang (as transferors), Wecon Holdings (BVI) Limited (as transferee), Triple Arch, our Company and Wecon Limited entered into a reorganisation deed, pursuant to which our Company acquired 9,001 ordinary shares, 81,009 ordinary shares and 1,480,000 non-voting deferred shares in Wecon Limited from Multiland, Top World and Mr. KY Tsang, respectively, through Wecon Holdings (BVI) Limited. In consideration of the above acquisitions, our Company allotted and issued one Share, one Share and one Share to Triple Arch credited as fully paid under the directions of Multiland, Top World and Mr. KY Tsang, respectively. Upon completion of such acquisitions, Wecon Limited became an indirect wholly-owned subsidiary of our Company.

Acquisition of WCE by Wecon Holdings (BVI) Limited

Immediately prior the Reorganisation, Multiland and Top World legally and beneficially owned 80,000 shares and 240,000 shares in WCE, representing 25% and 75% of the issued share capital of WCE, respectively.

On 21 December 2018, Multiland and Top World (as transferors), Wecon Holdings (BVI) Limited (as transferees), Triple Arch, our Company and WCE entered into a reorganisation deed, pursuant to which our Company acquired 80,000 shares in WCE from Multiland and 240,000 shares in WCE from Top World, respectively, through Wecon Holdings (BVI) Limited. In consideration of the above acquisitions, our Company allotted and issued one Share and one Share to Triple Arch credited as fully paid under the directions of Multiland and Top World, respectively. Upon completion of such acquisition, WCE became an indirect wholly-owned subsidiary of our Company.

INCREASE OF AUTHORISED SHARE CAPITAL

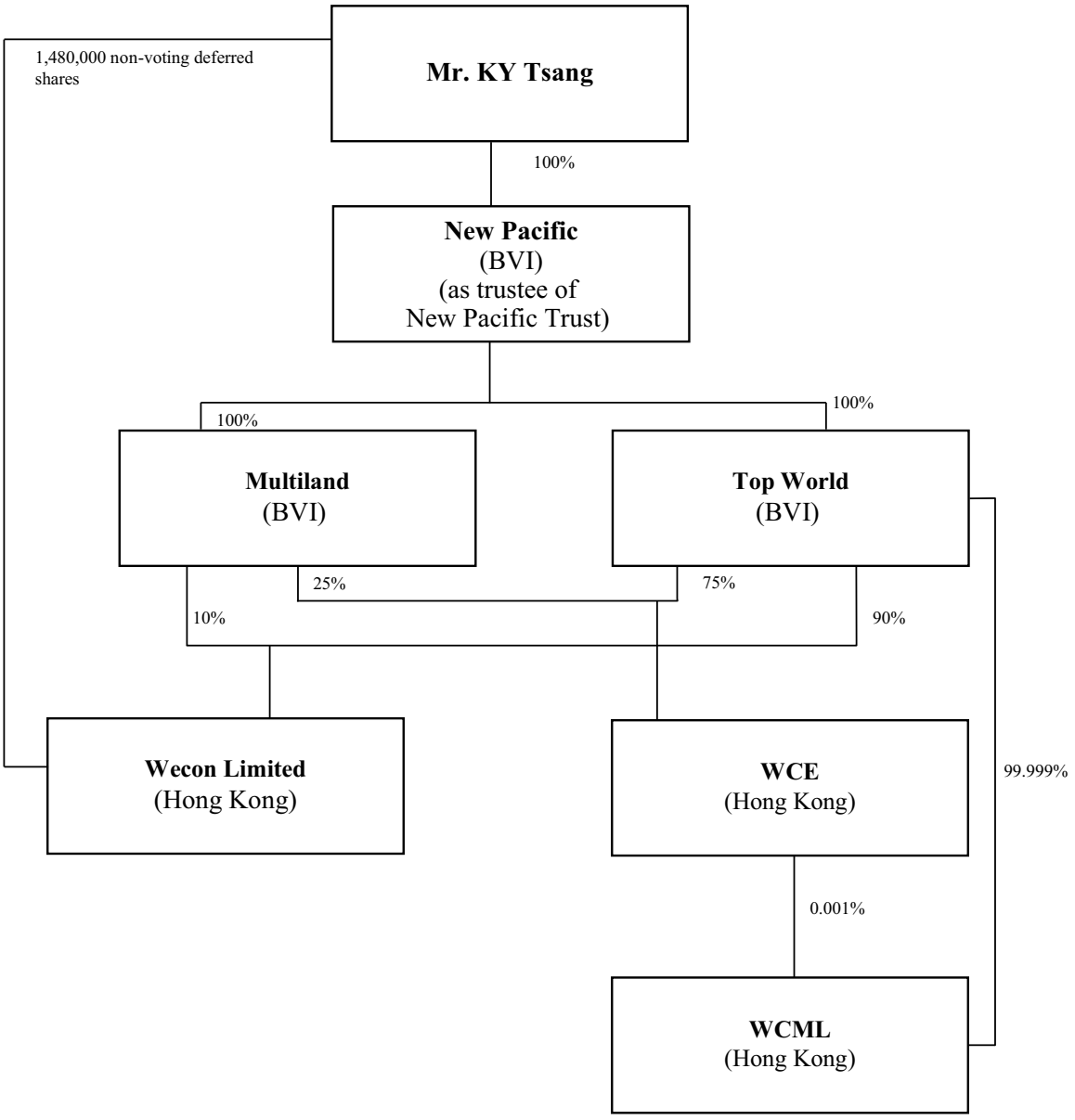
On 21 January 2019, our Company increased its authorised share capital from HK$380,000 divided into 38,000,000 Shares to HK$50,000,000 divided into 5,000,000,000 Shares through the creation of 4,962,000,000 additional Shares.

CAPITALISATION ISSUE

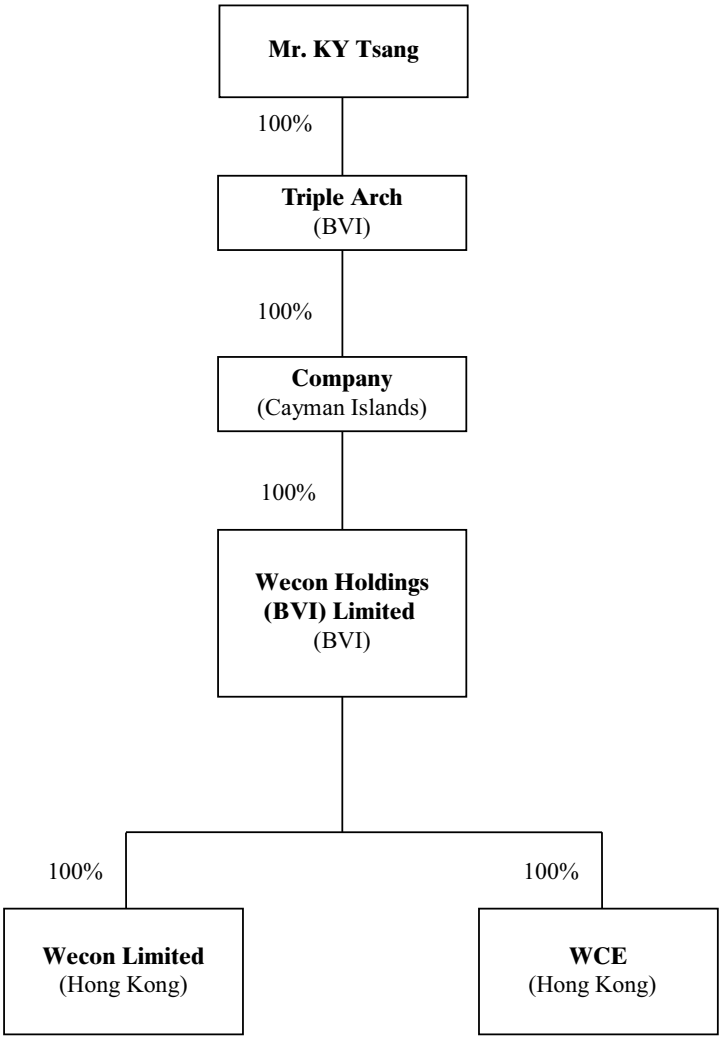
Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Share Offer, the Directors are authorised to capitalise an amount of HK$5,999,998.95 standing to the credit of the share premium account of our Company by applying such sum to pay up in full at par a total of 599,999,895 Shares for allotment and issue, immediately prior to the Share Offer, to Triple Arch so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by it, will constitute 75% of the issued share capital of our Company.

CORPORATE AND SHAREHOLDING STRUCTURE

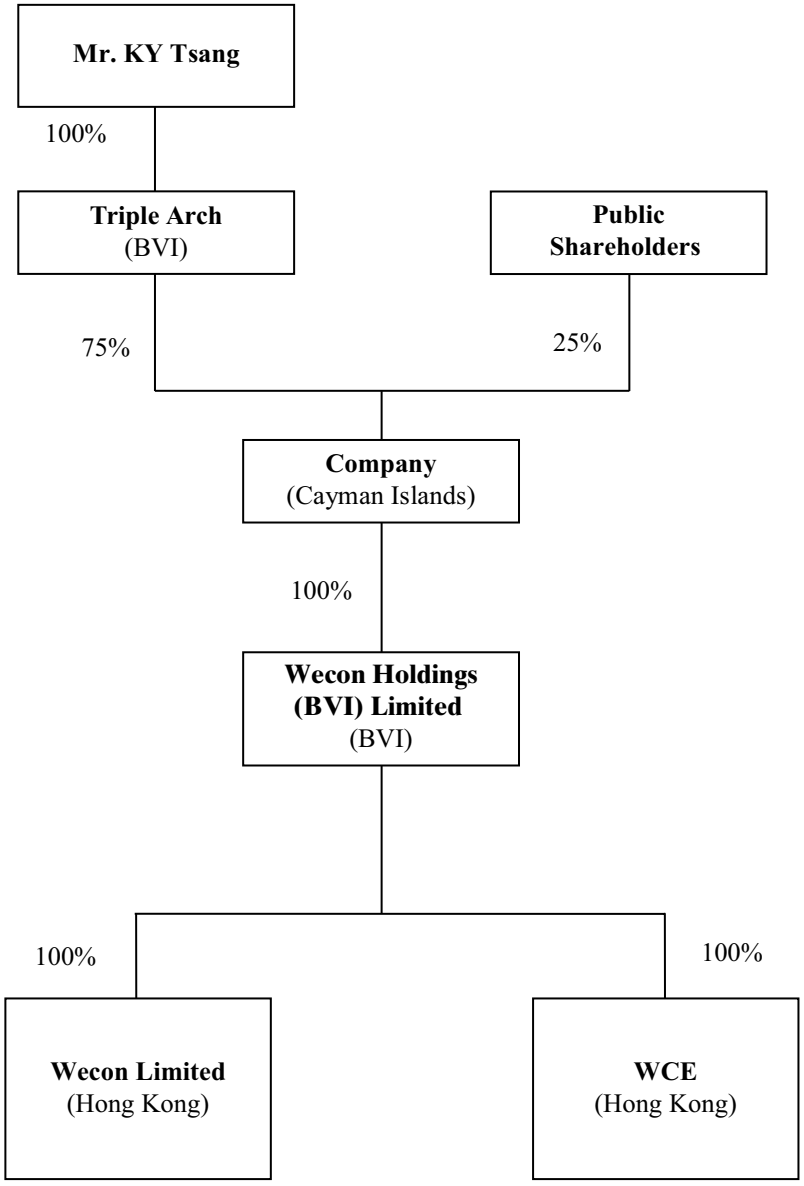
The following chart sets forth our Group's shareholding and corporate structure immediately before the Reorganisation:



The following chart sets forth our Group's shareholding and corporate structure immediately after the Reorganisation but before the Share Offer and the Capitalisation Issue:



The following chart sets forth our Group's shareholding and corporate structure immediately after the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme):



OVERVIEW

We are a long-established main contractor in Hong Kong and principally engage in the provision of (i) building construction services; and (ii) RMAA works services. We provide services to customers in both the private and public sectors. Our building construction services primarily consist of building works for new buildings, including residential, commercial and industrial buildings, while our RMAA works services include the general upkeep, maintenance, improvement, refurbishment, alteration and addition of existing facilities and components of buildings and their surroundings.

We pride ourselves on the projects we are capable to undertake with a large variety of customers in both the private and public sectors. Having accumulated around 35 years of experience in the construction industry in Hong Kong and being a Registered General Building Contractor (then known as "registered contractor") since 1984, we have well established our business relationship with various reputable property developers and have undertaken various building construction projects with them over the past years. Besides, being listed on Group C (probationary) under the Buildings category of the Contractor List, a Group NW1 (probationary) contractor in the Building (New Works) category and a Group M2 (confirmed) contractor in the Building (Maintenance Works) category with the Housing Authority, our Group is eligible to tender for projects of different contract sums with the Government and quasi-Government organisations. For further details of our major licences and qualifications, please refer to the paragraph headed "Licences and Qualifications" in this section.

We normally secure our projects through a tendering process. For projects from customers in the private sector, we are generally invited by the customers by way of invitation letters to tender for a potential project. As for projects from customers in the public sector, we generally identify the potential projects (i) through reviewing tender invitations that are published on various platforms including the Gazette; and (ii) by way of invitation letters from certain quasi-Government organisations such as the Social Welfare Department and the Housing Authority. During the Track Record Period, our major projects were obtained through tendering while projects that are smaller in scale were generally obtained by providing quotations to the relevant customers. The building construction projects we have completed or undertaken during the Track Record Period were primarily for our customers in the private sector, whereas the Housing Authority was our major public customer for our RMAA works projects during the same period.

We are the main contractor in all of our projects during the Track Record Period and up to the Latest Practicable Date. Our role as a main contractor generally includes the (i) overall project management and implementation of projects awarded to us, (ii) specific design and build items and technical submission, (iii) procurement of major construction materials for provision of our building construction services, (iv) coordination with the architects, engineers and design consultants of our customers; and (v) coordination and supervision of the works carried out by our subcontractors. We also monitor our subcontractors' compliance to our occupational health and safety management system and environmental management system so as to ensure that we conform to the contractual specifications and/or drawings and that projects are completed on time, within budget and in accordance with the relevant laws and regulations.

We were awarded the Quality Building Award 2018 – Merit Award – Hong Kong Non-Residential (New Building – Non-Government, Institution or Community) category – H Queen's jointly by The Hong Kong Construction Association, The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers, The Hong Kong Institution of Engineers, The Hong Kong Institute of Housing, The Hong Kong Institute of Surveyors, The Hong Kong Quality Assurance Agency, The Hong Kong Chapter of International Facility Management Association and The Real Estate Developers Association of Hong Kong. We were also awarded the 2017 HKCA Safety Merit Award by the Hong Kong Construction Association. Besides, we have also been awarded with a number of accreditations and certifications including the ISO

14001 certification for our environmental management system, the OHSAS 18001 certification for our occupational health and safety management system, the ISO 50001 certification for our energy management system and the ISO 9001 certification for our quality management system. Our Directors believe that the success of our Group in the industry is attributable to our extensive knowledge and experience in the industry, commitment to uphold effective quality, occupational health, safety and environmental management systems, and the ability and competency to complete projects to the satisfaction of our customers in a timely basis.

As at the Latest Practicable Date, we had seven projects in backlog (either (i) within the expected contract period and have commenced but not completed; or (ii) have been awarded to us but not yet commenced) and the total awarded contract sum of which is approximately HK$2,482.5 million, with approximately HK$538.3 million recognised on or before the Latest Practicable Date and approximately HK$1,936.8 million to be recognised.

COMPETITIVE STRENGTHS

We believe that our success is attributable to, among other things, the following competitive strengths:

Strong and reliable client base with an established track record and reputation in the construction industry

We have a long and established track record of around 35 years in the construction industry in Hong Kong. Since the award of the Certificate of Registration of Registered Contractor by the Building Authority in 1984, we have undertaken various types of construction projects which cover different district areas in Hong Kong with a large variety of customers both in the private and public sectors.

We have well-established business relationships with some of our major customers during the Track Record Period, including various reputable property developers and the Housing Authority ranging from one to 25 years. According to the Ipsos Report, there is a high tendency for the Government and private property developers to cooperate with contractors which are capable of providing high quality works and with a solid track record. In general, private property developers have their own list of contractors for tender invitation. Main contractors with established relationships with major private property developers may also have a better chance of receiving tender invitations from them. Moreover, it is not uncommon in the building construction works industry that customers may waive the surety bond requirement for main contractors who have good business relationship with them, which would potentially reduce their financial burden. As such, good and sustainable relationships maintained with major private property developers is an advantage to main contractors in being included in the list and invited by customers in the private sector for tender submission and that the requirement for surety bond may be waived.

Our Directors also believe that our long-term relationships with our major customers demonstrate our capability in providing high quality works and completing projects on time, within budget and in accordance with the relevant laws and regulations, which enable us to maintain our existing client base and attract new customers, and also would not be easily replaced by our competitors.

During the Track Record Period and up to the Latest Practicable Date, our Group completed six major building construction projects and two RMAA works projects with the total contract sum ranging from HK$175.0 million to HK$468.3 million. Some projects we completed over the years include the (i) Queen's Road Central Project; (ii) Conduit Road Project; (iii) Electric Road Project; (iv) Shau Kei Wan Project; (v) Fanling Project; and (vi) DTC (1) Project. Through the execution of projects we were engaged in

over the past years, our Group has accumulated vast experience in the provision of building construction and RMAA works services. Our Directors believe that the quality services we consistently provide has gradually built up our Group's reputation in the construction industry.

Possession of a wide range of qualifications to capture business opportunities

We have extensive experience and possess diverse qualifications in carrying out a variety of building construction and RMAA works projects ranging from building works for new buildings to the general upkeep, maintenance, improvement, refurbishment, alteration and addition of existing facilities and components of buildings and their surroundings.

We were first registered as a Registered General Building Contractor (then known as "registered contractor") in Hong Kong in 1984. We have also been listed on Group C (probationary) under the Buildings category of the Contractor List since 1994 and are eligible to tender for a maximum of two Group C contracts provided that the total value of Group C works in the Buildings category does not exceed HK$700 million. Further, we are a Group NW1 (probationary) contractor in the Building (New Works) category and a Group M2 (confirmed) contractor in the Building (Maintenance Works) category with the Housing Authority. We are also on the Approved List of Contractors for Building Works with the Housing Society. Given our licences and qualifications with these Government departments and quasi-Government organisations, our Group is entitled to tender for and well equipped to capture business opportunities in vast majority of building construction projects and RMAA works projects in Hong Kong. For further details of our major licences and qualifications, please refer to the paragraph headed "Licences and Qualifications" in this section.

Our Directors believe that our wide range of qualifications in the construction industry enable us to provide a large variety of building construction and RMAA works services to our customers, giving us competitive edge in tendering for projects covering the range of services offered by our Group. As such, our Directors are of the view that such licences and qualifications we possess allow us to capture business opportunities from both our existing customers and potential customers, and hence excel, in this competitive industry.

Established long term relationship with subcontractors and suppliers

As a main contractor, we generally subcontract most of the works under the projects we have undertaken to our subcontractors under the supervision of and management by our project management team. The availability of quality subcontractors who could satisfactorily perform the works subcontracted to them is therefore vital to the smooth operation of our Group as well as timely completion of projects we have undertaken. We have established long-term business relationships with some of our major subcontractors during the Track Record Period whom we have worked with for approximately seven years. Our Directors believe that an established relationship with subcontractors enables us to secure their quality and timely services, to maintain effective communications with them to smoothen operations and to better perform budget control over the works subcontracted to them.

We also procure raw materials, principally concrete and reinforcing steel bar, for ourselves or our subcontractors to carry out works in the projects undertaken. We have established long-term business relationships with some of our major suppliers during the Track Record Period which we have worked with for approximately four years. Our Directors believe that established business relationships with our material suppliers would help ensure the quality of materials supplied to us and allow our Group to have adequate supply of materials at reasonable price.

Experienced and professional management teams

Our management team has extensive industry knowledge and project management experience in building construction and RMAA works. Our executive Directors, namely Mr. KY Tsang, Mr. Philip Tsang and Mr. Jerry Tsang, have over 40, nine and eight years of experience in the building and civil engineering industry, respectively. Mr. Wu Wing Lun Allan, Mr. Choi Ying Tung, Mr. Yee Fei Hung and Mr. Ho Chi Ming Wilson, who are our members of senior management, have over 17, 21, 17 and 34 years of experience in the building and civil engineering industry, respectively. As at the Latest Practicable Date, a majority of our senior management team members have received tertiary education or above and/or awarded with professional qualifications. For further details of the qualification and experience of our Directors and senior management, please refer to the section headed "Directors and Senior Management" in this prospectus. With their experience, knowledge and insight, our Directors are of the view that our management team is able to lead our Group to excel in this competitive industry, to take advantage of our market position and to ensure our future growth.

Commitment to maintain safety standard, quality control and environmental protection

Our Directors are of the view that the maintenance of safety standard, quality control and environmental protection is crucial in upholding the reputation of our Group in the construction industry. We take pride of our integrated management system for occupational health and safety, energy, and quality control.

We are also awarded with the ISO 14001 certification for our environmental management system, the OHSAS 18001 certification for our occupational health and safety management system, the ISO 50001 certification for our energy management system and the ISO 9001 certification for our quality management system. Our customers in the public sector generally consider environmental compliance and workplace safety an important assessment criteria in assessing our tenders. We were awarded the Quality Building Award 2018 – Merit Award – Hong Kong Non-Residential (New Building – Non-Government, Institution or Community) category – H Queen's jointly by The Hong Kong Construction Association, The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers, The Hong Kong Institution of Engineers, The Hong Kong Institute of Housing, The Hong Kong Institute of Surveyors, The Hong Kong Quality Assurance Agency, The Hong Kong Chapter of International Facility Management Association and The Real Estate Developers Association of Hong Kong. We were also awarded the 2017 HKCA Safety Merit Award by the Hong Kong Construction Association. Our Directors believe that our effective occupational health and safety management system is beneficial to us for maintaining good compliance track record and management system which would increase our chances in securing new contracts from both our existing and potential customers.

BUSINESS STRATEGIES

We intend to strengthen our market position and increase our market share by pursuing the following strategies:

Continue to strengthen our market position in the industry and expand our market share in Hong Kong

According to the Ipsos Report, the gross output value of the overall construction works industry in Hong Kong increased from approximately HK$124.4 billion in 2012 to approximately HK$196.6 billion in 2017, at a CAGR of approximately 9.6%. Such gross output value is expected to grow at a slower CAGR of approximately 2.8% from approximately HK$209.1 billion in 2018 to approximately HK$233.6 billion in

2022. Our Group held approximately 0.4% and approximately 0.4% of the total industry output value in 2017 in the building construction and RMAA works markets, respectively. With the expectation that the construction market will continue to grow, we plan to continue to strengthen our capacity in undertaking more building construction and RMAA works projects in Hong Kong. Taking into account our well-established client base in both the private and public sectors and the wide range of licences and qualifications our Group holds (details of which are set out in the paragraph headed "Competitive Strengths – Possession of a wide range of qualifications to capture business opportunities" and "Licences and Qualifications" in this section), our Directors consider that we are well positioned to tender for and confident in being successful for the award of both building construction and RMAA works projects in different phases of an economic cycle.

While planning to tender for and undertake more building construction and RMAA works projects in the future, we also aim to tender for such projects which are of a total contract sum of HK$550 million and/or more each so as to have our qualifications with WBDB and the Housing Authority upgraded. In order to be promoted to Group C (confirmed) of the Buildings category of the Contractor List so that we could tender for public works contracts of unlimited value with WBDB, our Group has to have satisfactory completion or execution for two years (whichever is earlier) as the main contractor for one building works contract executed in Hong Kong within the past five years, after inclusion to Group C on probation, of value over 70% of probationary limit of Group C (i.e. more than HK$490 million). Besides, we need to have at least one satisfactorily completed project with a minimum value of HK$550 million as main contractor in Hong Kong within the past three years to be promoted to Group NW2 of the Building (New Works) category with the Housing Authority, so that we could then tender for new public works contracts of unlimited value with the Housing Authority. For further details with regard to our capabilities and opportunities in undertaking projects with an individual contract sum of HK$550 million and/or more, please refer to the section headed "Future Plans and Use of Proceeds – Reasons for the Share Offer and Use of Proceeds – Reasons for the Share Offer – (B) Funding requirements to finance our projects and capture further business opportunities" in this prospectus. Taking into account the costs to be incurred for the projects on hand and potential projects in the future which are of a total contract sum of HK$550 million and/or more each, in particular the construction materials costs and subcontracting costs which will form part of our net cash outflow at the early stage of a project, we intend to utilise approximately 50.2% of our net proceeds from the Share Offer for the provision of construction materials costs and subcontracting costs for our existing and future projects so as to ensure our plan in expanding our scale of business and the upgrade of qualifications could be properly executed with sufficient financial resources and larger sum of cash available. For further details, please refer to the section headed "Future Plans and Use of Proceeds – Reasons for the Share Offer and Use of Proceeds – Reasons for the Share Offer – (B) Funding requirements to finance our projects and capture further business opportunities" in this prospectus.

Furthermore, besides being generally subject to certain working capital requirements for projects in the public sector, our customers in the private sector may require our Group to take out surety bonds amounting to not more than 10% of the total contract sum from banks or insurance companies in order to secure the due performance on our part which is in line with the common industry practice in Hong Kong. For further details, please refer to the paragraph headed "Operations – Operational procedures – Completion phase – Defects liability period and release of retention money and surety bonds" in this section. In preparation to tender for and undertake more building construction and RMAA works projects which may also be of a total contract sum of HK$550 million and/or more each, we intend to utilise approximately 21.2% of our net proceeds from the Share Offer for the provision of surety bonds for future projects with customers in the private sector and to ensure that we will have sufficient cash flow to fulfill the working capital requirements for projects in the public sector.

Continue to strengthen our manpower

We are of the view that a strong team of employees equipped with the relevant industry knowledge and experience is crucial to our continuing success. In addition, we consider that the involvement of our Directors and senior management at different stages of the projects, such as preparation and submission of tender and quotation, project implementation and execution, is important for the completion of projects on time and to the satisfaction of our customers. Furthermore, our Directors believe that our ability to recruit, train, retain, motivate and develop outstanding and experienced staff members is critical in maintaining our competitive strengths and a key to success. To avoid any redundancy of manpower, it has been our usual practice to plan and monitor closely the schedules of our various projects and the workload of our employees among such projects so that any release of manpower in projects that have been completed or are about to complete could be duly deployed into other projects which have commenced or are about to commence.

In view of the growing demand for building construction and RMAA works services and our plan to expand our business capacity and scale to strengthen our market position in the industry and to capture more sizeable and profitable projects, we intend to expand our human resources by recruiting additional qualified and experienced staff to expand our in-house team of professional staff. This includes the recruitment of project management staff (such as project manager, building services manager, senior project coordinator, site clerk, quantity surveyor and safety officer) for the supervision and management of the work quality of our workers and subcontractors. Given that (i) we intend to expand our scale of operations by leveraging on our net proceeds from the Share Offer to undertake more sizeable projects; (ii) our intention to tender for more building construction projects with the total contract sum of HK$550 million and/or more each in order to upgrade our qualifications with WBDB and the Housing Authority; (iii) our planned development and adoption of our BIM software to facilitate our future operations and management (further details of which are set out in the paragraph headed "Develop engineering and technological innovation to improve our operational efficiency and enhance our quality of service" below in this section) which demands further in-house human resources; and (iv) our existing human resources have been, and is expected to continue to be, substantially deployed into our different projects in progress with no material redundancy, our Directors intend to recruit ten additional staff using our net proceeds from the Share Offer. The following table sets forth the number, qualifications, experiences and expected salaries for the positions we intend to recruit:

Position	Number of staff	Major qualifications and experiences	Expected monthly salary
Project manager	One	• Higher diploma/degree or above in building studies, building management or other related disciplines • At least ten years of relevant working experience	HK$60,000
Building services manager	One	• Higher diploma or above in building service engineering, mechanical engineering, electrical engineering or other related disciplines • At least 12 years of relevant working experience	HK$55,000
Project quantity surveyor	One	• Higher diploma/degree or above in quantity surveying, building studies or other related disciplines • At least eight years of relevant working experience	HK$48,000

Position	Number of staff	Major qualifications and experiences	Expected monthly salary
Quantity surveyor	One	• Higher diploma/degree or above in quantity surveying, building studies or other related disciplines • At least five years of relevant working experience	HK$37,000
Senior project coordinator	One	• Higher diploma or above in building studies, construction management or other related disciplines • At least eight years of relevant working experience	HK$34,000
Safety officer	One	• Completion of tertiary education with major in engineering, building, science or health and safety • At least two years of relevant working experience	HK$35,000
Site clerk	One	• Completion of Form 5 education or above • Approximately one to two years of relevant working experience	HK$16,000
Information technology manager	One	• Higher diploma/degree or above in information technology • At least seven years of relevant working experience	HK$65,000
Information technology technician	One	• Higher diploma/degree or above in information technology • At least three years of relevant working experience	HK$30,000
Human resources manager	One	• Possession of degree or above in management • At least six years of relevant working experience	HK$35,000

During the Track Record Period and up to the Latest Practicable Date, we have employed various project managers, building services managers, quantity surveyors, project coordinators, safety officers and site clerks as our key personnel to plan and implement the projects we have undertaken. For further details of their general duties, please refer to the paragraph headed "Operations – Operational procedures – Project planning and implementation phase" in this section. Since (i) we plan and monitor closely our manpower such that we could instantly deploy any manpower released from the completion of a project into another project; and (ii) some staff may be required to work in several projects simultaneously depending on their workload on hand, our Directors are of the view that the capacity of our existing project management teams had substantially been utilised during the Track Record Period, resulting in an hindrance on our ability to tender for and undertake new sizeable projects (in particular given our present intention to tender for projects with the total contract sum of HK$550 million and/or more each in order to upgrade our licences and qualifications). The intended recruitment of new staff could therefore enable us to have sufficient manpower to tender for and undertake new and sizeable projects and to capture our market growth going forward, thereby strengthening our revenue and profitability and consolidating our market position. Our Directors also consider that it is necessary to expand our office staff (such as information technology manager, information technology technician and administration officer) so as to support our business expansion, information technology development, internal control functions and administrative works.

We also plan to sponsor our staff to attend technical seminars and occupational health and safety courses organised by third parties so as to raise our standard and quality of services. Further, we will evaluate our compensation system and incentive program from time to time to ensure we offer competitive compensation packages to our employees and that the incentives are aligned with their performance. In view of the expansion of our human resources, we also intend to upgrade and renovate our office by renting a new office that could accommodate more staff for the execution of work in a more sizeable area with a more comfortable environment and atmosphere where they could carry out work in a more efficient manner. We plan to utilise approximately 19.3% of our net proceeds from the Share Offer to carry out the above plans, further details of which please refer to the section headed "Future Plans and Use of Proceeds – Implementation Plans" in this prospectus.

Develop engineering and technological innovation to improve our operational efficiency and enhance our quality of service

In order to be in line with our continuous growth in business scale and scope, we plan to upgrade our information technology, technical and management system so as to enhance our efficiency and competitiveness by keeping pace with the latest technological development.

We plan to utilise approximately 3.1% of our net proceeds from the Share Offer for the research and development of our information technology, in particular our BIM software which its use is expected to facilitate the planning, design, construction, operation and management of construction projects through automatic generation of drawings and reports, design analysis, schedule simulation and facilities management. Our BIM software is also expected to (i) generate three-dimension projection and modelling of general building and civil engineering works for the prevention of conflicting designs and identification of design faults at an early stage; and (ii) assist in the project management through monitoring the construction progress and costs control by generating the quantity of materials needed, which would enhance our accuracy in costs estimation when tendering for projects and facilitate better cost management when implementing a project.

Moreover, we expect our BIM software to connect information and people where data captured from drones, sensors and laser scans are gathered to connect workflows for site visualisation, engineering calculation, tracking of project progress, safety analysis etc., digitalise the relevant construction site and integrate technology using web service components for the participation of relevant parties involved such as designers, engineers, consultants and the customer. Thus, our Directors are of the view that our BIM software would allow us to make better-informed decisions, reduce conflicts and changes during the planning and execution of projects, better manage projects portfolios and improve productivity and our performance throughout the building and infrastructure cycle, and hence could improve our operational efficiency and enhance our quality of service.

Besides, according to the Ipsos Report, the use of BIM for building construction projects will be a developing trend for the market as several quasi-Government organisations such as the Housing Authority and the Architectural Services Department have started to incorporate the use of BIM in their design or maintenance projects. The latest policy agenda released by the Government also reveals the Government's intention and plan to collaborate with the Construction Industry Council to strengthen BIM training for the relevant professionals and promote the use of BIM in private construction projects. Therefore, by implementing our BIM software in the planning, construction and operation of our projects in the future, we may have a higher chance in being successful in the tender for projects with the Government and quasi-Government organisations and could handle more complicated projects in a more timely and precise manner.

To facilitate the implementation of our BIM software in our forthcoming projects, we also plan to arrange training courses or workshops for our staff regarding the use of such BIM software which is to be conducted by external training authorities.

Further, we intend to expand our research and development capabilities to address urbanisation needs, such as prefabrication of building components, with a view to develop more efficient construction techniques and create synergies with our existing services on building construction.

In order to effectively carry out such engineering and technological development, we plan to upgrade our computer hardware by replacing old computers and monitors, and to purchase essential software for our projects. Further, to prevent any loss of data in case our computer system breaks down, we also intend to set up a disaster recovery plan which is expected to cover both preventive and corrective measures that would enable our computer system to deal with various types of disasters that can disrupt normal systems operation, and to secure our business integrity and competitiveness.

Adhere to prudent financial management to ensure sustainable growth and capital sufficiency

We will continue to closely monitor our capital and cash positions, particularly our construction costs, cash flows and subcontracting costs which have augmented in recent years. In the process of identifying and capturing emerging opportunities, we will continue to deploy our resources on a selective and prudent basis to focus on projects which are more profitable in nature. We will continue to focus on our internal control system to ensure adequate cash flow for our ongoing capital requirements, and to achieve maximum cost savings.

Implementation of business strategies

For further details on the implementation of the abovementioned business strategies, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

OUR BUSINESS MODEL

We are a main contractor in Hong Kong and principally engage in the provision of (i) building construction services which is mainly related to superstructure works; and (ii) RMAA works services. During the Track Record Period, we had been the main contractor in all of our projects and generally subcontracted most of our works to our subcontractors under the supervision of and management by our project management team. We generally secure our projects through the submission of tenders or quotations which are not recurrent in nature. Upon being awarded with a project by our customer, we generally divide the entire construction works to be performed into different categories depending on the trades concerned and level of expertise required, then engage suitable subcontractors whenever necessary to perform each part of the construction works. We either engage subcontractors that are nominated by our customers or from our approved list of subcontractors. As a main contractor, we are responsible for supervising the entire project where we primarily focus on the (i) overall project management and implementation of projects awarded to us, (ii) specific design and build items and technical submission, (iii) procurement of major construction materials for provision of our building construction services, (iv) coordination with the architects, engineers and design consultants of our customers; and (v) coordination and supervision of the works carried out by our subcontractors. We also monitor our subcontractors' compliance to our occupational health and safety management system and environmental management system so as to ensure that we conform to the contractual specifications and/or drawings and that projects are completed on time, within budget and in accordance with the relevant laws and regulations.

Our Directors are of the view that our business model and our licences and qualifications enable us to grow our business in different phases of an economic cycle. Besides, our Directors consider that the wearing off of existing buildings and their components from time to time makes RMAA works inevitable. As we are eligible to take up projects which covers both building construction and RMAA works, we strive to enhance our track record by being active in the building construction and maintenance phases in the construction industry for the provision of both building construction and RMAA works services to our customers in the private and public sectors in order to expand our sources of revenue and continue to grow.

As confirmed by our Directors and as advised by the Legal Counsel, our Group has obtained all necessary licences and qualifications that are material to our existing business operations from the relevant Government authorities during the Track Record Period and up to the Latest Practicable Date and such licences and qualifications remain valid as at the Latest Practicable Date. For details of the major licences and qualifications held by our Group as at the Latest Practicable Date, please refer to the paragraph headed "Licences and Qualifications" in this section.

The following table sets forth the breakdown of our revenue by segments during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July	
	2016		2017		2018		2018	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Building construction services	207,665	49.2	463,701	64.2	817,664	83.4	276,377	81.4
RMAA works services	214,654	50.8	258,374	35.8	163,164	16.6	63,332	18.6
Total	422,319	100.0	722,075	100.0	980,828	100.0	339,709	100.0

During the Track Record Period, we undertook projects in both the private and public sectors, with building construction services primarily provided to private customers and the Housing Authority being the major customer for our RMAA works services. The following table sets forth the breakdown of our revenue by sectors during the Track Record Period:

	For the year ended 31 March						For the four months ended 31 July	
	2016		2017		2018		2018	
	HK$'000	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*	*HK$'000*	*% of total revenue*
Private sector projects	212,362	50.3	482,796	66.9	826,004	84.2	280,481	82.6
Public sector projects	209,957	49.7	239,279	33.1	154,824	15.8	59,228	17.4
Total	422,319	100.0	722,075	100.0	980,828	100.0	339,709	100.0

The revenue contribution from our projects in the private sector increased from approximately HK$212.4 million, representing approximately 50.3% for the year ended 31 March 2016, to approximately HK$826.0 million, representing approximately 84.2% for the year ended 31 March 2018. Such increase was primarily attributable to the large number of building construction and RMAA works projects we were

awarded to in the private sector during the Track Record Period. Besides, our major RMAA works projects in the public sector were primarily completed on by the end of the year ended 31 March 2017, which also led to the decrease in revenue contribution from projects in the public sector during the Track Record Period. However, the changes in revenue contribution do not, in the view of the Directors, represent any shift in business focus towards building construction services segment or the private sector projects. It is the present intention of our Group to develop and grow our business in all segments or sectors that we are currently engaging in, and therefore revenue contribution from each segment or sector may vary from year to year, depending on the projects that we are awarded with or the stages of completion of major projects attended.

Building construction services

We generally provide building construction services with the major focus to customers in the private sector which includes various reputable property developers. During the Track Record Period, our building construction services primarily consisted of building works for new buildings, including residential, commercial and industrial buildings. Our major responsibilities consist of the (i) overall building construction relating to superstructure works; (ii) supply or procurement of supply of construction materials; (iii) engagement of subcontractors; (iv) making sure our works are being carried out in accordance with the contract specifications and requirements of our customers as well as in accordance with the relevant laws and regulations; and (v) liaison with all parties to ensure the progress of the projects meets the time schedule.

Having well established our business relationship with reputable private property developers, especially with one of which we have worked with for approximately 15 years, and being a Registered General Building Contractor (then known as "registered contractor") since 1984, we have undertaken various building construction projects with various customers in the private sector over the past years. One of our recent highlighted projects is the Queen's Road Central Project where we are mainly responsible for semi-basement construction, superstructure construction and steel structure for electrical and mechanical engineering facilities and building maintenance units. We were awarded the Quality Building Award 2018 – Merit Award – Hong Kong Non-Residential (New Building – Non-Government, Institution or Community) category – H Queen's jointly by The Hong Kong Construction Association, The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers, The Hong Kong Institution of Engineers, The Hong Kong Institute of Housing, The Hong Kong Institute of Surveyors, The Hong Kong Quality Assurance Agency, The Hong Kong Chapter of International Facility Management Association and The Real Estate Developers Association of Hong Kong for such project.

Besides, we are listed on Group C (probationary) of the Buildings category of the Contractor List and are eligible to tender for a maximum of two Group C contracts provided that the total value of Group C works in the Buildings category does not exceed HK$700 million. We are also a Group NW1 (probationary) contractor of the Building (New Works) category with the Housing Authority which we are eligible to tender for new works contracts with a value of up to HK$550 million.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, revenue contribution from our building construction services segment was approximately HK$207.7 million, HK$463.7 million, HK$817.7 million and HK$276.4 million, respectively, representing approximately 49.2%, 64.2%, 83.4% and 81.4% of our total revenue, respectively.

RMAA works services

Our RMAA works services typically include the general upkeep, maintenance, improvement, refurbishment, alteration and addition of existing facilities and components of buildings and their surroundings. Besides providing RMAA works services to maintenance works orders under the DTC which generally include the maintenance, improvement and vacant flat refurbishment of public housing estates, public facilities and other public properties managed by the Housing Authority in Hong Kong, we also provide buildings maintenance services to customers in the private sector. Examples of our RMAA works services include re-roofing, external and internal wall refurbishment, floor re-screeding and retiling, spalling repair, repairing and replacing windows, door repairing, painting works, plumbing and drainage works, which cover areas such as public housing estates, public areas in public housing estates, private residential, commercial and industrial properties, hotels, shopping centres, markets, cook-food stalls and school campus.

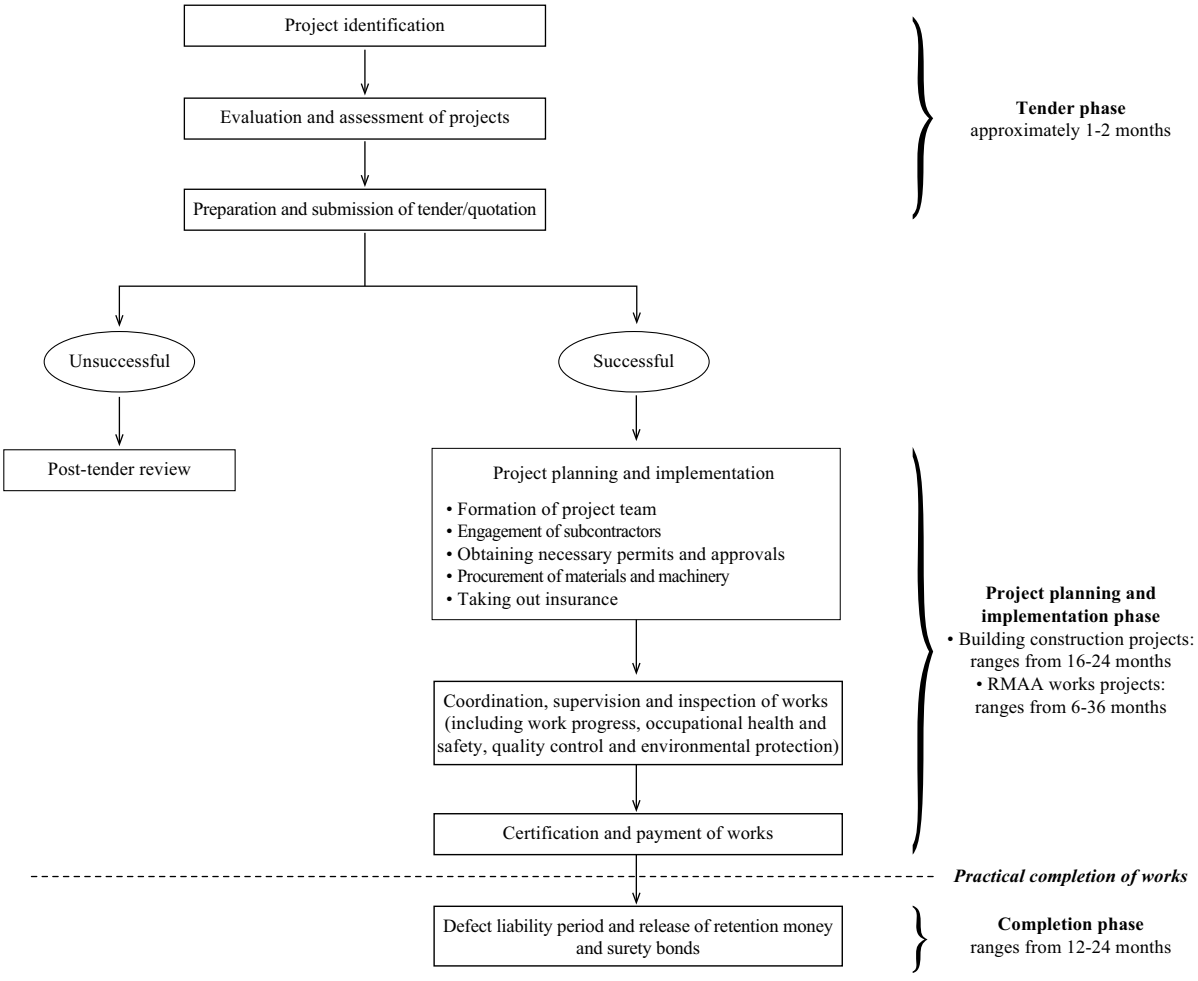
We are a Group M2 (confirmed) contractor of the Building (Maintenance Works) category with the Housing Authority and are eligible to tender for maintenance and improvement contracts of unlimited value.

The contract period of our major RMAA works projects completed during the Track Record Period and on hand as at the Latest Practicable Date normally generally last for six to 36 months.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, revenue contribution from our RMAA works services segment was approximately HK$214.7 million, HK$258.4 million, HK$163.2 million and HK$63.3 million, respectively, representing approximately 50.8%, 35.8%, 16.6% and 18.6% of our total revenue, respectively.

OPERATIONS

For illustration purpose, a simplified flow diagram of the key operational procedures undertaken by our Group in relation to our projects obtained through tendering or providing tender quotations is outlined below:



Operational procedures

The following sets out the key operational procedures as illustrated in the above simplified flow diagram:

Tender phase

Project identification

We provide building construction and RMAA works services to customers in both the private and public sectors. We are generally invited by our customers in the private sector or the agents representing such customers by way of invitation letters to tender for a potential project. As for projects with the Government and quasi-Government organisations, we usually identify the potential projects (i) through

reviewing tender invitations that are published on various platforms including the Gazette on a weekly basis; and (ii) by way of invitation letters from certain quasi-Government organisations such as the Social Welfare Department and the Housing Authority.

The tender invitation generally consist of a brief description of the works required, the contract period including the expected commencement and completion dates of the project, qualifications and conditions to be met by the tenderer for participation in the tender, instructions for tender submissions, closing time for submitting tender and other particulars of the project. Besides, the specifications and drawings regarding building construction services contracts are usually attached to the tender invitations.

Evaluation and assessment of projects

Upon receiving an invitation to submit tender or upon identifying the gazetted project which our Group is eligible to tender for, our tendering team will evaluate the manageability and profitability of the project by reviewing the tender invitation with respect to the contract size, scope of work, complexity and difficulty, and contract conditions (including the estimated costs incurred, timeframe, payment schedule and unreasonable contract terms). We will also evaluate the background and reputation of customers whom we have not worked with before.

Also, our tendering team will generally conduct a preliminary analysis and risk assessment to assess whether our Group possesses the necessary licences and qualifications, resources and cash flow to meet the contract requirements. Such assessment of cash flow is particularly important to us as a main contractor as we normally incur net cash outflows at the early stage of a project since we may be required to pay the set-up expenditures before our customers make progress payments to us. Results of such analysis and assessment, together with the profitability and manageability of the project, will be considered in deciding whether our Group will proceed for tender submission.

Preparation and submission of tender/quotation

In the event that we consider the project is commercially viable, our tendering team will proceed to prepare for the tender submission. Our tender submission generally includes (i) the pricing of bill of quantities or schedule of rates; (ii) tender price; (iii) construction program; and (iv) method statement for works (including the site layout plan, construction methods, quality control, occupational health and safety and environmental protection management).

Besides, in order to be eligible to tender for Government projects, we must obtain the relevant and required licences and qualifications which is set out in the Gazette. For details of the major licences and qualifications held by our Group as at the Latest Practicable Date, please refer to the paragraph headed "Licences and Qualifications" in this section.

Also, members of our estimation team and technical team will pay a visit to the relevant sites where the project is to be conducted in order to assess the site condition of the project. In preparation of the tender submission, we will insert the price in the bill of quantities or schedule of rates which lists out a breakdown of items of works based on the scope of works and specifications set out in the tender documents. We will estimate the project costs by considering the methods of construction, construction period, direct labour costs, subcontracting costs, construction materials costs and direct overhead costs such as insurance expenses

and surety bond expenses when preparing the budget for a prospective project. Preliminary quotations may be obtained from our suppliers, subcontractors and insurers in advance in order to have a more accurate estimation of the project costs to be involved. We may execute pre-bid agreements with our suppliers to secure fixed costs with them. Our Directors are of the view that it is important to accurately estimate the budget for the project at the beginning so as to set out a reasonable tender price and secure reasonable return from the relevant project.

We generally take around one to two months to prepare for a tender submission. Tender submissions for building construction projects have to be approved and signed by our executive Director, Mr. KY Tsang before it is submitted while tender submissions for RMAA works projects can be approved and signed by Mr. Ho Chi Ming Wilson, one of the members of our senior management, and our executive Director, Mr. KY Tsang.

For details of the tenders we submitted and its success rate during the Track Record Period and up to the Latest Practicable Date, please refer to the paragraph headed "Tenders submitted during the Track Record Period" in this section.

Project planning and implementation phase

Project planning and implementation

After the tender is submitted, our Group may be interviewed or enquired by the potential customer to clarify certain particulars of our tender submission. It normally takes around two to three months before the result of the tender is announced.

As soon as we are formally engaged by our customer, we will start the detailed project planning and coordination of works before works for such project commence. This includes the submission of (i) a master programme that facilitates the overall time management of the project to our customer; (ii) the method statement for construction which includes temporary works submission; (iii) a project management team organisational chart; and (iv) a site layout plan. Thereafter, we will commence the implementation of project by (i) forming a project team; (ii) engaging subcontractors; (iii) obtaining necessary permits and approvals; (iv) procuring and arranging for the supply of requisite construction materials; (v) planning, hiring and arranging the necessary machinery to be delivered to the site; and (vi) taking out insurances.

- *Formation of project team*

We usually form a project team for each project. Depending on the type, scale and complexity of the project, our project team generally comprises the project director, project manager/site agent, general foreman, project engineer, building services engineer, quantity surveyor and safety officer. Our project team is responsible for the overall management of our project which includes the carrying out of the master programme using our submitted method statement for construction, procurement of construction materials and machinery, engagement of subcontractors, control of the quality of works carried out by the workers of our subcontractors and coordination with our customers or their consultants. We will closely monitor the project progress and any difficulties encountered on a continuous basis to ensure compliance with the statutory requirements and specifications of our customers.

Set out below are some general duties performed by our key personnel during the project planning and implementation stage of the projects awarded to us:

(i) Project director

Our project director, who is assigned by our managing director, is mainly responsible for the overall planning, implementation and supervision of the project as well as team formation by selecting the appropriate personnel, suppliers and subcontractors for the execution of the project.

(ii) Project manager/site agent

Our project manager/site agent is the project-in-charge who is accountable to our project director. Our project manager/site agent is mainly responsible for monitoring the overall project management which includes budgetary planning, quality control, monitoring of safety issues and project progress to ensure key performance goals and the timeframe set could be met, and supervising members of the project team and collaborating and liaising with suppliers, subcontractors and other relevant parties to ensure works on site are in compliance with the statutory requirements and contractual specifications and drawings.

(iii) General foreman

Our general foreman is mainly responsible for supervising the works carried out by the workers of our subcontractors on site to ensure works are carried out in accordance with the specifications and drawings, maintaining the construction programme, implementing and monitoring the compliance of our quality procedures and occupational health and safety measures, arranging the supply of materials and machinery, and reporting to our project manager for the project status and issues.

(iv) Project engineer

Our project engineer is accountable to our project manager and is responsible for the design and calculation of temporary structures, performing technical, organisational and supervisory role and liaising with the consultants, subcontractors, quantity surveyors and general workforce involved in the project.

(v) Building services engineer/coordinator

Our building services engineer/coordinator is accountable to our project manager and is responsible for coordination of building services work in a building construction project, overseeing and supervising the installation of building services systems and operating procedures, and performing site coordination work with our customers, consultants (if applicable), subcontractors and suppliers.

(vi) Quantity surveyor

Our quantity surveyor is mainly responsible for cost planning from tendering to post-completion, such as keeping the project on time and within budget and ensuring that the construction costs and production are managed as efficiently as possible. Our quantity surveyor is also responsible for preparing the interim payment application and final account, performing valuation of variation orders received from our customer, preparing claims for insurance, preparing subcontractors' interim payment, verifying the work progress on site, measuring the quantities of materials required and coordinating with the foreman and our purchasing department for the ordering of materials, executing site measurement works, and maintaining records of abortive work.

(vii) Safety officer

Our safety officer is mainly responsible for implementing and maintaining occupational health and safety measures stipulated under the contractual and statutory requirements, enhancing safety awareness on site through safety trainings, conducting risk assessments and safety inspections to identify hazards and devise safety control measures jointly with the project team, and investigating accidents and carry out safety improvement actions jointly with the project team.

- *Engagement of subcontractors*

During the Track Record Period, we are the main contractor in all of our projects. Our Group generally subcontracts most of the works of a project to our subcontractors in Hong Kong. The works we subcontracted to our subcontractors are generally labour intensive or require specific skill sets, such as concrete placing, steel bar fixing, formwork erection, plastering, painting, redecoration and waterproofing. We oversee the works carried out by our subcontractors in order to ensure the works completed are in accordance with the contractual specifications, statutory requirements and timeframe under the relevant contract. By engaging subcontractors to carry out certain tasks of the project, our Directors are of the view that we are able to focus on quality assurance. Our Directors believe that we can better monitor the project as subcontracting reduces the need from our Group to monitor a large number of works with different skills, and we can better manage our resources as specific skillset and techniques may be required for some of our projects and our Group, as a general builder, may not possess such skillset and techniques.

The scope of works to be subcontracted by our Group can be classified into (i) labour only; (ii) labour and machinery; (iii) labour and materials; and (iv) materials and/or machinery only. For agreements specifying labour only and materials and/or machinery only, the subcontractors are only required to provide the requisite labour or materials and/or machinery required and our Group will provide the other materials, machinery or labour (as the case may be) to our subcontractors to enable them to carry out the works subcontracted to them. For agreements specifying labour and machinery and labour and materials, our subcontractors will equip themselves with all the necessary machinery, materials and equipment.

For further details on the selections of subcontractors and our subcontracting arrangement, please refer to the paragraph headed "Subcontractors" in this section.

- *Obtaining necessary permits and approvals*

Our Group, as a main contractor, is required to notify relevant government departments in accordance with the approved drawings and consent from the Buildings Department, obtain certain environmental permits and approvals as well as apply for payment of levy in accordance with the applicable laws and regulations prior to commencement of a works on site.

Besides, we have to apply to the relevant Government departments to obtain the requisite permits and approvals in relation to air pollution, waste disposal, noise pollution and waste water discharge pursuant to the relevant environmental protection requirements. For further details of the necessary permits and approvals to be obtained by our Group, please refer to the paragraph headed "Regulatory overview – (C) Laws and regulations in relation to environmental protection" in this prospectus.

Besides, we have to submit a notice of commencement of construction operations, notice of interim/final payment made for construction operations, and notice of completion of construction operations to the Construction Industry Council and the Pneumoconiosis Compensation Fund Board at the relevant required times regarding the Construction Industry Levy and pneumoconiosis compensation fund levy that is to be imposed on construction operations carried out in Hong Kong with a total value exceeding HK$1 million. For further details, please refer to the paragraph headed "Regulatory overview – (C) Laws and regulations in relation to environmental protection – Laws and regulation in relation to levy" in this prospectus.

- *Procurement of materials and machinery*

We generally source and purchase construction materials from our approved list of suppliers for our projects. In general, our suppliers will send the construction materials we purchased to our project sites directly. The major construction materials for our projects include concrete and reinforcing steel bar. Our Group determines the quantity of materials to be stored at the project sites based on the work schedule, and all materials will be stored at our project sites for direct utilisation. Our Group usually do not keep any construction materials as our inventory as such materials are procured on a project-by-project basis in accordance with the project specifications. Settlement of payments for construction materials are generally made monthly with 30 days credit period by cheque after delivery or the invoice date. We have established relationships with our suppliers and do not foresee any material difficulties in sourcing construction materials in the future.

Some of the building construction works in our projects require the use of machinery and our subcontractors are normally required to equip themselves with such necessary machinery for the carrying out of works. For details regarding our machinery use, please refer to the paragraph headed "Machinery" in this section.

- *Taking out insurances*

Before the commencement of a project and in order to comply with the contractual requirements and the relevant laws and regulations in Hong Kong, our Group, as the main contractor, generally takes out the employees' compensation insurance and contractor's all risks insurance for the entire project. For further details of our insurance policies, please refer to the paragraph headed "Insurance" in this section.

Coordination, supervision and inspection of works (including work progress, occupational health and safety, quality control and environmental protection)

Progress reports will be prepared on a monthly basis which include works completed as of the date, issues encountered by workers and subcontractors, any risks in delaying the timetable, actions to be taken for compliance with the expected timeframe, compliance with our occupational health and safety, quality control and environmental protection measures, and follow-up matters for the project. We will also hold progress meetings with our customer throughout the project where the project progress will be reported to our customer and major issues encountered will be discussed.

In the course of implementation and execution of a project, our project team will carry out regular quality check and inspection in order to ensure that works done by our subcontractors conform to the contractual and statutory specifications. Our customers may also conduct inspection from time to time. Our Group has been awarded with the ISO 9001 certification for quality management system. For further details of our quality assurance procedure, please refer to the paragraph headed "Quality assurance" in this section.

Certification and payment of works

Our Group recognises revenue based on the stage of completion of our works. We receive progress payment from our customers pursuant to the respective contractual terms. Our Group normally prepares a statement setting out our estimation of the valuation of works completed in the preceding month and submits the statement together with the payment application to our customers on a monthly basis. Upon receiving our payment application and after examination of the works done, the architect or the consultant of our customer will issue an interim payment certificate certifying the works completed in the preceding month. 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 interim payment certificate by way of cheque or bank transfer in Hong Kong dollars.

Completion phase

Defects liability period and release of retention money and surety bonds

Upon our customer being satisfied that the works have been substantially completed, they will issue a practical completion certificate to us.

After the issuance of a practical completion certificate, the defects liability period commences. It is the industry norm that a defects liability period is generally required by our customers, during which we are responsible for rectifying all works defects identified by the architects of our customers. The defects liability period is generally 12 to 24 months from the date of such practical completion certificate. During the defects liability period, the architect of our customer will provide us with schedules of defects from time to time and we are required to rectify all defects to its satisfaction. We also generally require a defects liability period from our subcontractors where the relevant subcontractor is in general responsible for rectifying the works defects to the satisfaction of us and our customer according to the defects liability clause of the subcontracting agreement with our Group.

At the end of the defects liability period and upon completion of all the works with all defects rectified, a maintenance certificate will be issued to us by our customer. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material claims by our customers in respect of any defective works, and therefore we have not made any provision for repair and maintenance costs in respect of defective works during the defects liability period.

According to the Ipsos Report, there is generally a contract term for our customer to secure our Group's due performance by holding up retention money from the progress payment. The retention money is normally retained from each progress payment to our Group in accordance with a pre-determined percentage stated in the contract. The certified value retained at each stage of contracts with customers in the private sector is generally 10% of the progress payment, subject to a limit of retention fund of not more than 5% of the total contract sum. Half of the retention money will be released to us upon the issuance of the practical completion certificate while the other half of the retention money will be released to us after the expiry of the defects liability period.

In line with the industry norm and as a security for our due performance under the relevant contract, our customers in the private sector may, on a project-by-project basis, require our Group to provide surety bonds in an amount of not more than 10% of the total contract sum issued by a bank or insurance company upon the project is being awarded to us. The surety bonds provided by our Group will be released upon the issuance of the practical completion certificate. As at the Latest Practicable Date, our Group had provided four surety bonds in the aggregate amount of approximately HK$30.1 million issued by banks in favour of four of our customers in the private sector. During the Track Record Period, our Group has not received any material claims from the banks or insurance companies in relation to any compensation paid to our customers under our surety bonds.

OUR PROJECTS

The following table sets forth a summary of projects completed during the Track Record Period and up to the Latest Practicable Date:

	During the year ended 31 March			During the four months ended	After the Track Record Period and up to the Latest Practicable Date	Total awarded contract sum
	2016	2017	2018	31 July 2018		
	(Number of projects)	*(Number of projects)*	*(Number of projects)*	*(Number of projects)*	*(Number of projects)*	*(HK$'000)*
Projects completed with awarded contract sum of HK$10.0 million or more						
• Building construction projects	3	–	2	–	1	1,685,002
• RMAA works projects	–	2	–	–	–	574,374
Total	3	2	2	–	1	2,259,376
Projects completed with awarded contract sum of less than HK$10.0 million						
• Building construction projects	–	–	–	–	–	–
• RMAA works projects	22	20	7	1	1	31,606
Total	22	20	7	1	1	31,606

Projects completed during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, we had completed eight major projects (i.e. with an awarded contract sum of HK$10.0 million or more each), which included six building construction projects and two RMAA works projects. The following table sets forth the details of our major projects completed during the Track Record Period and up to the Latest Practicable Date:

Particulars and location of project	Public or private sector	Nature of the building	Main category of works	Project period (Note 1)	Date of practical completion (Note 2)	Awarded contract sum	Revenue (including variation orders) recognised for the year ended 31 March 2016	2017	2018	Revenue (including variation orders) recognised for the four months ended 31 July 2018	Total revenue recognised during the Track Record Period
						HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Construction of a 30 storey high tower blocks on 2 level podium at Nos.133-139 Electric Road, Hong Kong	Private	Residential and commercial	Building construction	June 2013 – January 2015	17 March 2015	175,000	12,206	(554)(Note 4)	(2,466)(Note 4)	–	9,186
Construction of a 10 storey residential tower on 3 level podium, 27 flats at No.53 Conduit Road, Hong Kong	Private	Residential	Building construction	July 2013 – November 2014	15 September 2015	225,800	68,424	22,015	6,862	–	97,301
Construction of a 27 storey tower blocks at No.102 Argyle Street, Hong Kong	Private	Residential	Building construction	September 2013 – May 2015	10 November 2015	184,600	64,880	7,007	3,915	–	75,802
District term contract for the maintenance, improvement and vacant flat refurbishment for properties managed by Property Service Administration Unit / Kowloon East (1) 2014/2017 Contract No.20139425	Public	Residential and commercial	RMAA	June 2014 – March 2017	N/A (Note 3)	200,147	107,144	132,368	45,984	2,619	288,115
District term contract for the maintenance, improvement and vacant flat refurbishment for properties managed by District Maintenance Offices / Kowloon East (1) 2014/2017 Contract No.20139430	Public	Residential and commercial	RMAA	June 2014 – March 2017	N/A (Note 3)	374,227	91,485	97,797	23,943	9,520	222,745
Construction of a 24 storey high commercial building at Nos.76-82 Queen's Road Central and Nos.23-29 Stanley Street, Hong Kong	Private	Commercial	Building construction	September 2015 – August 2017	11 September 2017	263,712	36,736	203,084	52,885	3,069	295,774
Construction of a 25 storey high residential tower block on 4-level podium including an entrance foyer, 1-level clubhouse, 1-level plant room and 2-levels of shops at No.163 Shaukeiwan Road, Hong Kong	Private	Residential and commercial	Building construction	November 2015 – September 2017	9 February 2018	367,600	15,936	142,715	167,331	6,335	332,317
Construction of two 18 storey residential tower, 1-level basement with carparking areas and 4 storey podium floors of carparks/shopping floors/ clubhouse at F.S.S.T.L. 255 J/O Luen Hing Street, Wo Fung Street and Luen Shing Street, Hong Kong	Private	Residential and commercial	Building construction	September 2016 – July 2018	13 November 2018	468,290	–	52,347	287,593	115,534	455,474

Notes:

1. The date of commencement to the date of completion as stated in the main contract or as instructed by the architect of the customer in accordance with the main contract.

2. The date when the practical completion certificate was issued to our Group.

3. The contract ended following the expiry of the project period, upon which no more new works orders would be assigned to our Group.

4. The negative figures were due to (i) the variation orders reassessed as required by the new quantity surveyor in-charge of our customer who took over this project during the year ended 31 March 2017, which was lower than the amount of variation orders recognised for the year ended 31 March 2016; and (ii) most of the revenue for this project had been recognised during or before the year ended 31 March 2016 due to the fact that the project was practically completed on 17 March 2015 with all outstanding works completed on around 31 March 2016. Such variation orders re-assessment did not only apply to our works as a main contractor but also to the works of the nominated subcontractors. The revenue recognised for the year ended 31 March 2018 was reduced after the variation orders re-assessment which is evident on the relevant interim payment certificates. Our Directors consider that the discrepancies of revenue recognition was due to the the different standard adopted by the new quantity surveyor in-charge of the customer in assessing the variation orders which is not in line with the standard adopted by the initial quantity surveyor in-charge of the customer.

Projects in progress as at the Latest Practicable Date

The following table sets forth the details of our major projects in progress (i.e. with an awarded contract sum of HK$10.0 million or more each) as at the Latest Practicable Date:

Particulars and location of project	Public or private sector	Nature of the building	Main category of works	Expected contract period (Note 1)	Awarded contract sum	Revenue (including variation orders) recognised for the year ended 31 March 2016	2017	2018	Revenue (including variation orders) recognised for the four months ended 31 July 2018	Total revenue recognised during the Track Record Period	Revenue expected to be recognised for the year ending 31 March 2019	2020	Percentage of completion as at the Latest Practicable Date (Note 5)
					HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	%
Renovation works to Tsui Man Court at No.76 Village Road, Happy Valley, Hong Kong	Private	Residential	RMAA	September 2016 – April 2017 (Note 2)	16,267	–	8,374	5,277	–	13,651	4,140	– (Note 4)	100.0
Construction of a 27 storey composite building including 1 basement E&M floor and clubhouse floor at Nos.7-7G Victory Avenue, Hong Kong	Private	Residential and commercial	Building construction	August 2016 – May 2018 (Note 2)	290,100	–	37,088	183,728	36,302	257,118	76,907	1,308	98.0
Proposed industrial development at Nos.43&45 Tsun Yip Street, Hong Kong	Private	Industrial	Building construction	March 2017 – December 2018 (Note 2)	277,171	–	–	108,174	51,167	159,341	130,103	4,426	88.8
District term contract for the maintenance, improvement and vacant flat refurbishment for properties managed by Property Service Administration Unit / Kowloon East (1) 2017/2020 Contract No.20169096	Public	Residential and commercial	RMAA	April 2017 – March 2020	400,230	–	–	73,241	42,242	115,483	178,180	116,660	49.6
Building works term maintenance contract for shopping centres, carparks, markets and cooked-food stalls in North District, Tai Po, Sha Tin and Ma On Shan (region 2)	Private	Commercial	RMAA	October 2017 – October 2019	30,760	–	–	1,040	3,400	4,440	19,823	9,884	42.6
Building works term maintenance contract for shopping centres, carparks, markets and cooked-food stalls in Kowloon District (region 4)	Private	Commercial	RMAA	October 2017 – October 2019	23,391	–	–	426	1,447	1,873	14,344	8,622	34.1
Proposed industrial development at No. 22 Wing Kin Road, Kwai Chung, Hong Kong	Private	Industrial	Building construction	March 2018 – November 2019	508,481	–	–	9,642	59,001	68,643	308,730	182,771	46.1
Proposed composite development at N.L.I.L. 6558 Kowloon Road/Kiu Yam Street, Sham Shui Po, Kowloon, Hong Kong	Private	Residential and commercial	Building construction	April 2018 – March 2020	179,000	–	–	–	4,969	4,969	63,769	115,231	23.3
Proposed residential development at Lot No. 1181 in D.D 215, Hong Kin Road, Tui Min Hoi, Sai Kung, New Territories	Private	Residential	Building construction	455 calendar days from August 2018 to November 2019	207,600	–	–	–	–	–	99,696	107,904	22.1
Proposed residential development at T.P.T.L. 228, Fo Yin Road, Pak Shek Kok, Tai Po, New Territories	Private	Residential	Building construction	720 calendar days (Note 3)	1,133,000	–	–	–	–	–	12,462	479,769	–
All major projects in progress as at the Latest Practicable Date					3,066,000	–	45,462	381,528	198,528	625,518	908,154	1,026,575	

Notes:

1. The date of commencement to the date of completion as stated in the main contract or as instructed by the architect of the customer in accordance with the main contract.
2. The issue of practical completion certificate is still pending.
3. The date of commencements, which shall be upon the instruction of the architect of the customers, is still pending.
4. Based on the expected contract period as set out in the relevant contracts and to the best knowledge and belief of our Directors, no revenue will be recognised from such projects subsequent to the year ending 31 March 2020.
5. The percentage of completion as at the Latest Practicable Date is calculated based on our Group's internal record and reasonable estimation of the total work done under the relevant project up to the Latest Practicable Date divided by the awarded contract sum. The percentage is presented for illustration purpose only and subject to, among other things, our customers' certification and audit.

Projects in Backlog

As at 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 and the Latest Practicable Date, we had a total of four, six, seven, seven and seven major projects (i.e. with an awarded contract sum of HK$10.0 million or more each) in our backlog. Our projects in backlog include projects that (i) were within the expected contract period and have commenced but not completed; and (ii) have been awarded to us but not yet commenced, but exclude projects that went beyond their contract periods while revenue are still expected to be generated (i.e. the Tsui Man Court Project, the Victory Avenue Project and the Kwun Tong Project). The following table sets forth the expected completion dates of the major projects in our backlog as at the date indicated:

	As at 31 March				
	2016	**2017**	**2018**	**As at 31 July 2018**	**As at the Latest Practicable Date**
Number of projects in our backlog which were completed or expected to be completed:					
– up to the Latest Practicable Date*	4	6	3	1	–
– Latest Practicable Date to 31 March 2019^	–	–	–	–	–
– After 31 March 2019^	–	–	4	6	7
	4	6	7	7	7

* *denotes actual completion dates*

^ *denotes expected completion dates*

The following table sets forth the details of revenue derived or expected to be derived from such projects in backlog:

	As at 31 March				
	2016	**2017**	**2018**	**As at 31 July 2018**	**As at the Latest Practicable Date**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total revenue attributable to backlog projects (including variation orders)					
– recognised on or before the date indicated	358,441	496,278	753,280	354,750	538,314
– yet to be recognised as at the date indicated	910,770	1,165,058	1,262,053	1,230,076	1,936,808
	1,269,211	1,661,336	2,015,333	1,584,826	2,475,123

The following table sets forth the reconciliation of the difference between the total revenue attributable to backlog projects (including variation orders) yet to be recognised and the total transaction price allocated to the remaining performance obligations as set out in Note 16 in the Accountants' Report in Appendix I to this prospectus:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total revenue attributable to backlog projects (including variation orders) yet to be recognised as at the date indicated	910,770	1,165,058	1,262,053	1,230,076
Add:				
– Revenue attributable to projects in progress with an awarded contract sum of less than HK$10.0 million each which were yet to be recognised as at the date indicated	3,238	5,430	6,458	18,349
– Contract revenue that are expected to be recognised after the end of the contract period*(Note 1)*	58,896	11,752	69,119	164,267
	972,904	1,182,240	1,337,630	1,412,692
Less:				
– Work orders of certain projects yet to be issued as at the date indicated*(Note 2)*	(344,231)	–	(379,672)	(332,583)
Total transaction price allocated to the remaining performance obligations	628,673	1,182,240	957,958	1,080,109

Notes:

1. *Includes projects that went beyond their contract periods while revenue are still expected to be recognised*

2. *The individual work orders under the DTC (1) Project, the DTC (2) Project and/or the DTC (3) Project that had not been issued as at the date indicated (but were subsequently issued) were not considered as performance obligations as at the respective dates, thus were not included in the total transaction price allocated to the remaining performance obligations as set out in Note 16 in the Accountants' Report in Appendix I to this prospectus.*

For details of the seven projects in backlog as at Latest Practicable Date and the estimated amounts of revenue to be recognised for the backlog and other contracts in the years ending 31 March 2019 and 2020 and the subsequent period, please refer to the paragraph headed "Projects in progress as at the Latest Practicable Date" in this section.

Tenders submitted during the Track Record Period and up to the Latest Practicable Date

During the Track Record Period and up to the Latest Practicable Date, a majority of our projects were mainly obtained through tendering. The following table sets forth (i) the number of projects tendered; (ii) the number of tendered projects awarded to us; and (iii) our success rate in the tenders submitted during the Track Record Period and up to the Latest Practicable Date:

	For the year ended 31 March			For the four months ended	After the Track Record Period and up to the Latest
	2016	**2017**	**2018**	**31 July 2018**	**Practicable Date**
Number of projects tendered	142	104	120	31	55
Building construction services	14	14	18	6	13
RMAA works services	128	90	102	25	42
Number of tendered projects awarded	26	23	7	5	–
Building construction services	2	3	2	1	–
RMAA works services	24	20	5	4	–
Success rate (%)	18.3%	22.1%	5.8%	16.1%	–
Building construction services	14.3%	21.4%	11.1%	16.7%	–
RMAA works services	18.8%	22.2%	4.9%	16.0%	–

In particular, we submitted nine and nine tenders to Customer A and Customer C (each being one of our top five customers for each of the three years ended 31 March 2018 and the four months ended 31 July 2018) for building construction projects during the Track Record Period, respectively, and attained tender success rates of approximately 44.4% and 11.1% for the respective customers during the corresponding period.

Since contracts for building construction projects are generally awarded on a project-by-project basis and contractors may take different pricing strategies in setting their tender price for each tender they submit, our Directors, taking into account the Ipsos Report, believe that there is no industry standard in relation to the success rate of tendering in the construction industry.

Further, our Directors are of the view that our historical success rates in the tenders we submitted may not be reflective of our future success due to our active participatory strategy in submitting tender. The number of projects for which we tendered for decreased from 142 for the year ended 31 March 2016 to 104 for the year ended 31 March 2017, but the success rate increased from approximately 18.3% to approximately 22.1% from the year ended 31 March 2016 to the year ended 31 March 2017. However, the number of projects for which we tendered for increased from 104 for the year ended 31 March 2017 to 120 for the year ended 31 March 2018, but the success rate decreased from approximately 22.1% to approximately 5.8% from the year ended 31 March 2017 to the year ended 31 March 2018. The fluctuation of our success rate during the Track Record Period and up to the Latest Practicable Date mainly stems from the RMAA works projects we had tendered for where the total contract sum of each project can vary largely. As we normally tender for and/or provide quotations to customers for RMAA works projects upon receiving invitations and that we generally target for large-scale RMAA works projects, we generally will not set a competitive price for projects that are smaller in scale although we adopt an active participatory strategy in

submitting tender so long as we are invited to submit tenders by our established customers and the projects which match with our scope of services. Therefore, our Directors are of the view that there is no specific trend deducible for our tender success rates for any particular year, and such rates may vary considerably from year to year depending on the number and types of invitations for tender we received. For further details of the risks in relation to our historical success rates, please refer to the section headed "Risk factors – Risks relating to our business" in this prospectus.

PRICING POLICY

Our Group adopts a cost-plus pricing model for setting our tender price. When determining our tender price, we generally add the desired profit margin on the estimated project costs submitted by the estimator of our contracts department, taking into account various factors including the (i) nature, scope and complexity of the project; (ii) estimated direct labour costs; (iii) estimated subcontracting cost; (iv) estimated type and number of machinery required; (v) estimated type and amount of construction materials needed; (vi) expected project timeframe provided by our customer; (vii) prevailing market condition; and (viii) relationship with and background of our customer.

Our Directors are of the view that it is important for us to accurately assess the budget cost (taking into consideration potential increase in construction materials costs and labour costs) for the project prior to the entering into of a contract with our customer in order to set out a reasonable tender price and secure reasonable return from the relevant project. Our Group has adopted a cost assessment procedure in order to have an accurate assessment and analysis of the costs to be incurred by our Group as the main contractor for the project. In order to have a more accurate estimation of the costs of a potential project to be involved, we may also obtain preliminary quotations from our suppliers and subcontractors in advance for our supplement on the price of the bills of quantity or schedule of rates which would form part of our tender submission.

In the event that the actual costs incurred exceeded the original estimation of the monthly budget, our quantity surveyor will investigate the causes and assess whether any follow-up actions are required. Further, we may rely on the contract price adjustment mechanism for projects with our customers in the public sector and receive additional sum from such relevant customers for the compensation of fluctuation risk in the costs of labour and materials. The value of the additional sum to be received is determined with reference to certain price indices complied and published by the Census and Statistics Department of the Government. For further information, please refer to the paragraph headed "Customers – Key terms of the contracts with our customers" in this section. The following table sets forth the details of the contract price adjustment for the relevant projects where the contract price adjustment mechanism was triggered during the Track Record Period:

Particulars of the project	Period of the contract where the contract price adjustment mechanism was triggered	Percentage of contract price adjustment
The DTC (1) Project	1 June 2015 – 31 May 2016	+8.53%
	1 June 2016 – 31 March 2017	+17.47%
The DTC (2) Project	1 June 2015 – 31 May 2016	+8.53%
	1 June 2016 – 31 March 2017	+17.47%

There is usually a variation order clause in the contract with our customers which allows us to execute additional works or modify the original scope of works required by our customer. The general principle for the assessment is that any additional work carried out which is the same as or similar in character to and executed under similar conditions and circumstances to any item of work priced in the original contract shall be valued at the rate set out in the original contract for such item of work. If there is no equivalent items or similar items under the construction contract for reference, our customer and our Group shall negotiate the adjustment in contract price based on reasonable cost and profit. In the event that the parties failed to agree on the price at which the variation works are to be performed, our customer shall be entitled to fix the price which, is in their opinion, reasonable.

CUSTOMERS

Major customers

For the years ended 31 March 2016 and 2017 and 2018 and the four months ended 31 July 2018, our Group had over 15, 15, 20 and 15 customers, respectively. For the same period, the percentage of our total revenue attributable to our largest customer amounted to approximately 49.5%, 33.3%, 30.0% and 35.5% respectively, while the percentage of our total revenue attributable to our five largest customers combined amounted to approximately 93.6%, 97.7%, 97.1% and 95.6% respectively.

The following table sets forth a breakdown of our Group's revenue by our five largest customers in terms of revenue contribution for each of the financial years/periods during the Track Record Period:

For the year ended 31 March 2016

Rank	Customer [(Note 1)]	Revenue	Approximate percentage of the total revenue of our Group for the year	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
		HK$'000	*%*					
1	Housing Authority	209,135	49.5	Statutory body	Hong Kong	RMAA	One month; by bank transfer	25
2	Customer A1 [(Note 2)]	68,424	16.2	A wholly-owned subsidiary of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment, investment in securities, financing, hotel and property management and services primarily in Hong Kong, the PRC, Singapore and Australia (as the case may be)	Hong Kong	Building construction	21 days from presentation of interim payment certificate; by cheque	15
3	Customer B	64,880	15.4	A private property developer in Hong Kong incorporated in 2010	Hong Kong	Building construction	28 days from presentation of interim payment certificate; by cheque	4
4	Customer C1 [(Note 3)]	36,736	8.7	A company principally engages in property development in Hong Kong which, to the best knowledge of the Directors, is either affiliated or associated company of, or otherwise related to a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment, construction, finance, department store operation, project management, investment holding and property development primarily in Hong Kong and the PRC (as the case may be)	Hong Kong	Building construction	One month from presentation of interim payment certificate; by cheque	2
5	Customer D	15,936	3.8	A wholly-owned subsidiary of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, ownership of properties for development and letting, investment holding and container terminals primarily in Hong Kong, the PRC and Singapore (as the case may be)	Hong Kong	Building construction	30 days from presentation of interim payment certificate; by cheque	2
Five largest customers combined		395,111	93.6					

Notes:

1. We have attempted to seek written consents from each of our top five customers in each of the year ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 for disclosure of their identities. However, as at the Latest Practicable Date, we had not received any written consent from such customers. As advised by our Legal Counsel, without written consent provided by the respective customers, in addition to any explicit confidentiality clause stipulated in the contracts restricting the disclosure of the identities of the parties and other information to the agreement between the parties, our Group is also subject to confidentiality duties not to disclose identities of our customers under common law.

2. During the Track Record Period, our Group recognised revenue from three customers (identified as "**Customer A1**", "**Customer A2**", and "**Customer A3**", respectively), which to the best knowledge and belief of our Directors, are controlled by the same controlling shareholder or otherwise affiliated or related with each other and regarded by our Group as under the same group of companies, collectively identified as Customer A. For the year ended 31 March 2016, we have not recognised any revenue from Customer A2 and Customer A3.

3. During the Track Record Period, our Group recognised revenue from two customers (identified as "**Customer C1**" and "**Customer C2**", respectively), which to the best knowledge and belief of our Directors, are controlled by the same controlling shareholder or otherwise affiliated or related with each other and regarded by our Group as under the same group of companies, collectively identified as Customer C. For the year ended 31 March 2016, we have not recognised any revenue from Customer C2.

For the year ended 31 March 2017

Rank	Customer [(Note 1)]	Revenue	Approximate percentage of the total revenue of our Group for the year	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
		HK$'000	*%*					
1	Customer C [(Note 2)]	240,172	33.3	Companies principally engage in property development in Hong Kong which, to the best knowledge of the Directors, are either affiliated or associated company of, or otherwise related to a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment, construction, finance, department store operation, project management, investment holding and property development primarily in Hong Kong and the PRC (as the case may be)	Hong Kong	Building construction	One month from presentation of interim payment certificate; by cheque	2
2	Housing Authority	239,154	33.1	Statutory Body	Hong Kong	RMAA	One month; by bank transfer	25
3	Customer D	142,715	19.8	A wholly-owned subsidiary of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, ownership of properties for development and letting, investment holding and container terminals primarily in Hong Kong, the PRC and Singapore (as the case may be)	Hong Kong	Building construction	30 days from presentation of interim payment certificate; by cheque	2
4	Customer A [(Note 3)]	74,362	10.3	Wholly-owned subsidiaries of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment, investment in securities, financing, hotel and property management and services primarily in Hong Kong, the PRC, Singapore and Australia (as the case may be)	Hong Kong	Building construction	21 days from presentation of interim payment certificate; by cheque	15
5	Customer E	8,374	1.2	The incorporated owners of a private residential building located in Happy Valley, Hong Kong	Hong Kong	RMAA	One month from presentation of interim payment certificate; by cheque	1
Five largest customers combined		704,777	97.7					

Notes:

1. We have attempted to seek written consents from each of our top five customers in each of the year ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 for disclosure of their identities. However, as at the Latest Practicable Date, we have not received any written consent from such customers. As advised by our Legal Counsel, without written consent provided by the respective customers, in addition to any explicit confidentiality clause stipulated in the contracts restricting the disclosure of the identities of the parties and other information to the agreement between the parties, our Group is also subject to confidentiality duties not to disclose identities of our customers under common law.

2. On a standalone basis, Customer C1 is our second largest customer, contributing revenue of approximately HK$203.1 million, representing approximately 28.1% of our total revenue while Customer C2 is our fifth largest customer, contributing revenue of approximately HK$37.1 million, representing approximately 5.2% of our total revenue for the year ended 31 March 2017, respectively.

3. On a standalone basis, Customer A1 is our sixth largest customer, contributing revenue of approximately HK$22.0 million, representing approximately 3.0% of our total revenue while Customer A2 is our fourth largest customer, contributing revenue of approximately HK$52.3 million, representing approximately 7.3% of our total revenue for the year ended 31 March 2017, respectively. We have not recognised any revenue from Customer A3 for the same period.

For the year ended 31 March 2018

Rank	Customer [(Note 1)]	Revenue *HK$'000*	Approximate percentage to the revenue of our Group for the year *%*	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
1	Customer A [(Note 2)]	294,454	30.0	Wholly-owned subsidiaries of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment, investment in securities, financing, hotel and property management and services primarily in Hong Kong, the PRC, Singapore and Australia (as the case may be)	Hong Kong	Building construction	21 days from presentation of interim payment certificate; by cheque	15
2	Customer C [(Note 3)]	236,613	24.1	Companies principally engage in property development in Hong Kong which, to the best knowledge of the Directors, are either affiliated or associated company of, or otherwise related to a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment, construction, finance, department store operation, project management, investment holding and property development primarily in Hong Kong and the PRC (as the case may be)	Hong Kong	Building construction	One month from presentation of interim payment certificate; by cheque	2
3	Customer D	167,331	17.1	A wholly-owned subsidiary of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, ownership of properties for development and letting, investment holding and container terminals primarily in Hong Kong, the PRC and Singapore (as the case may be)	Hong Kong	Building construction	30 days from presentation of interim payment certificate; by cheque	2
4	Housing Authority	145,677	14.9	Statutory body	Hong Kong	RMAA	One month; by bank transfer	25
5	Customer F	108,174	11.0	A wholly-owned subsidiary of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology primarily in Hong Kong, the PRC and overseas (as the case may be)	Hong Kong	Building construction	30 days after the date of receipt of invoice; by cheque	1
Five largest customers combined		952,249	97.1					

Notes:

1. We have attempted to seek written consents from each of our top five customers in each of the year ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 for disclosure of their identities. However, as at the Latest Practicable Date, we have not received any written consent from such customers. As advised by our Legal Counsel, without written consent provided by the respective customers, in addition to any explicit confidentiality clause stipulated in the contracts restricting the disclosure of the identities of the parties and other information to the agreement between the parties, our Group is also subject to confidentiality duties not to disclose identities of our customers under common law.

2. On a standalone basis, Customer A1 is our eighth largest customer, contributing revenue of approximately HK$6.9 million, representing approximately 0.7% of our total revenue while Customer A2 is our largest customer, contributing revenue of approximately HK$287.6 million, representing approximately 29.3% of our total revenue for the year ended 31 March 2018, respectively. We have not recognised any revenue from Customer A3 for the same period.

3. On a standalone basis, Customer C1 is our sixth largest customer, contributing revenue of approximately HK$52.9 million, representing approximately 5.4% of our total revenue while Customer C2 is our second largest customer, contributing revenue of approximately HK$183.7 million, representing approximately 18.7% of our total revenue for the year ended 31 March 2018, respectively.

For the four months ended 31 July 2018

Rank	Customer [(Note 1)]	Revenue *HK$'000*	Approximate percentage to the revenue of our Group for the year *%*	Background and principal business activities of the customer	Principal place of business of the customer	Services provided by our Group	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
1	Customer A [(Note 2)]	120,503	35.5	Wholly-owned subsidiaries of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment, investment in securities, financing, hotel and property management and services primarily in Hong Kong, the PRC, Singapore and Australia (as the case may be)	Hong Kong	Building construction	21 days from presentation of interim payment certificate; by cheque	15
2	Customer G	59,001	17.4	A wholly-owned subsidiary of a private property developer in Hong Kong	Hong Kong	Building construction	21 days from presentation of interim payment certificate; by cheque	1
3	Housing Authority	54,381	16.0	Statutory body	Hong Kong	RMAA	One month; by bank transfer	25
4	Customer F	51,167	15.1	A wholly-owned subsidiary of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment in the areas of property, infrastructure, hotel operation, department store operation, commercial aircraft leasing, services and technology primarily in Hong Kong, the PRC and overseas (as the case may be)	Hong Kong	Building construction	30 days after the date of receipt of invoice; by cheque	1
5	Customer C [(Note 3)]	39,371	11.6	Companies principally engage in property development in Hong Kong which, to the best knowledge of the Directors, are either affiliated or associated company of, or otherwise related to a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, with business covering, amongst others, property development and investment, construction, finance, department store operation, project management, investment holding and property development primarily in Hong Kong and the PRC (as the case may be)	Hong Kong	Building construction	One month from presentation of interim payment certificate; by cheque	2
Five largest customers combined		324,423	95.6					

Notes:

1. We have attempted to seek written consents from each of our top five customers in each of the year ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 for disclosure of their identities. However, as at the Latest Practicable Date, we have not received any written consent from such customers. As advised by our Legal Counsel, without written consent provided by the respective customers, in addition to any explicit confidentiality clause stipulated in the contracts restricting the disclosure of the identities of the parties and other information to the agreement between the parties, our Group is also subject to confidentiality duties not to disclose identities of our customers under common law.

2. On a standalone basis, Customer A2 is our largest customer, contributing revenue of approximately HK$115.5 million, representing approximately 34.0% of our total revenue while Customer A3 is our seventh largest customer, contributing revenue of approximately HK$5.0 million, representing approximately 1.5% of our total revenue for the four months ended 31 July 2018, respectively. We have not recognised any revenue from Customer A1 for the same period.

3. On a standalone basis, Customer C1 is our ninth largest customer, contributing revenue of approximately HK$3.1 million, representing approximately 0.9% of our total revenue while Customer C2 is out fifth largest customer, contributing revenue of approximately HK$36.3 million, representing approximately 10.7% of our total revenue for the four months ended 31 July 2018, respectively.

Our Directors confirmed that none of our Directors, their close associates or any Shareholder who or which, to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company, had any interest in any of our five largest customers for each of the financial years/periods during the Track Record Period. All the above five largest customers during the Track Record Period are Independent Third Parties.

Our Directors are of the view that our customers in the private sector have satisfactory credit quality taking into account (i) the continuous business relationship we have with most of our top five customers in the private sector during the Track Record Period; and (ii) the good payment history with no default in payment with those customers recorded in the past.

Our Directors believe that we have been a good working party with our major customers to their projects, especially with a reputable listed property developer which we have been cooperating with for approximately 15 years. Such long-term business relationships benefited our Group in securing our sources of revenue during the Track Record Period.

Our Directors confirm that during the Track Record Period, we did not enter into any long term contracts with our customers and our Group did not have any material dispute or claim with any of our customers.

Customer concentration

Our top five customers accounted for approximately 93.6%, 97.7%, 97.1% and 95.6% of our total revenue for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, respectively. In particular, our largest customer for the year ended 31 March 2016 (namely the Housing Authority), who is our second, fourth and third largest customer for the years ended 31 March 2017 and 2018 and the four months ended 31 July 2018, respectively, awarded us three projects during the Track Record Period, and accounted for approximately 49.5%, 33.1%, 14.9% and 16.0% of our total revenue for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, respectively. In

addition, our fourth largest customer for the year ended 31 March 2016 (namely Customer C), who is our first, second and fifth largest customer for the years ended 31 March 2017 and 2018 and the four months ended 31 July 2018, respectively, awarded us one project during the Track Record Period and accounted for approximately 8.7%, 33.3%, 24.1% and 11.6% of our total revenue for the same period. We submitted nine and nine tenders to Customer A and Customer C for building construction projects during the Track Record Period, respectively, and attained tender success rates of approximately 44.4% and 11.1% for the respective customers during the corresponding period. Our Directors consider that despite the abovementioned customer concentration, our business model is sustainable after taking into account the following factors:

- our Directors believe that one of our key competitive strengths as a long and established main contractor with around 35 years of experience in the industry is our long, stable and mutually trusting relationship with our selected major customers. For instance, we have maintained approximately 15 years of relationship with Customer A, one of our top five customers during the Track Record Period, which are wholly-owned subsidiaries of one of the most prominent listed property developers in Hong Kong. We consider our preference in undertaking projects from and working with our selected valued customers who enjoy broad market recognition, serves as an endorsement of, and in turn reinforce our capabilities, reputation and market position. With our ability to deliver quality services in a timely manner, our Directors believe that we have, to a certain extent, developed a mutually beneficial and complementary business relationship with our selected valued customers;

- in respect of our building construction services, it is not uncommon for a single project to have a relatively large contract sum such that a small number of projects can contribute to a substantial amount of our revenue. In addition, our Group is listed on Group C (probationary) of the Buildings category of the Contractor List and is eligible to tender for a maximum of two Group C contracts provided that the total value of Group C works in the Buildings category does not exceed HK$700 million. Therefore, if we were awarded certain building construction projects, the relevant customer may easily become one of our largest customers in terms of revenue contribution to our Group;

- according to the Ipsos Report, as the Hong Kong property development market has a concentrated competitive landscape with limited numbers of dominant property developers taking up a substantial piece of the market (for instance seven major property developers recorded a 77% share of private residential property units completion in 2016), the risk of reliance on major customers is not specific to our Group and it is unlikely for our Group and companies carrying on similar business as ours to break off reliance on the major customers. Nevertheless, our Directors consider that our approach of adopting an active participatory strategy in submitting tenders and providing quotations and our practice of not entering into any long term agreement with our customers would avoid over-reliance on our major customers;

- the number of construction projects that can be executed by our Group simultaneously is dependent on the availability of our resources, including but not limited to the capacity of our staff, the availability of suitable subcontractors, the working capital requirement and the cash-flow availability for the issue of surety bonds. Our strategy has therefore been to focus on

deploying our resources towards tendering and competing for sizeable and profitable projects which has, in turn, inevitably resulted in a concentration of customers during the Track Record Period;

- our ability to find substitute customers and possession of the necessary skill, technology and/or network to reduce reliance on our top five customers during the Track Record Period, in particular, Customer A and Customer C, which is evident by the following: (a) our third largest customer for the year ended 31 March 2016 was Customer B, who contributed to approximately 15.4% of our Group's total revenue in that financial year, and was no longer one of our five largest customers for the years ended 31 March 2017 and 2018 and the four months ended 31 July 2018; (b) Customer E, our fifth largest customer for the year ended 31 March 2017, who contributed to approximately 1.2% of our Group's total revenue in that financial year, was not one of our five largest customers for the year ended 31 March 2016 and was no longer one of our five largest customers for the year ended 31 March 2018 and the four months ended 31 July 2018; and (c) Customer F, our fifth largest customer for the year ended 31 March 2018, who contributed 11.0% of our Group's total revenue in that financial year, was not one of our five largest customers for the years ended 31 March 2016 and 2017, respectively;

- our ability to secure projects from new customers during the Track Record Period where (i) for the year ended 31 March 2018, Customer F, one of our top five customers, was our new customer who has awarded one new building construction project to us, which in aggregate accounted for approximately 11.0% of our total revenue in that financial year; and (ii) for the four months ended 31 July 2018, Customer G, being one of our top five customers, was our new customer who has awarded one new building construction project to us, which in aggregate accounted for approximately 17.4% of our total revenue in that period;

- our Group, in line with industry practice, did not enter into any long term agreement with our customers during the Track Record Period, and we in general would not enter into long term agreement with our customers so as to maintain the flexibility in engaging into a business relationship with other customers;

- our Group adopted an active participatory strategy in submitting tenders and providing quotations during the Track Record Period to avoid customer concentration where we responded to tender invitations and quotation requests to various customers irrespective of the likelihood success so long as the projects matched with our scope of services;

- according to the Ipsos Report, the gross output value of construction works in Hong Kong experienced a growth at a CAGR of approximately 9.6% from 2012 to 2017, and is expected to continue to grow from 2018 to 2022. Our Directors believe that we would be able to maintain a stable revenue growth in view of the following growth drivers, details of which are set out in the sections headed "Industry overview – Key market drivers of and opportunities to the building constructions works industry" and "Industry overview – Key market drivers of and opportunities to the RMAA works industry" in this prospectus; and

- in addition to the above, we endeavor to utilise our net proceeds from the Share Offer to further strengthen our working capital conditions and our capacity in undertaking more building construction and RMAA works projects from an expanded customer base. Our Directors believe that with a successful Listing and our net proceeds from the Share Offer, our financial strength will be further enhanced to support our efforts in reducing our customer concentration.

Key terms of the contracts with our customers

During the Track Record Period, we entered into legally binding service contracts with our customers on a project-by-project basis upon our customers having awarded the tender to our Group, and we did not enter into any long-term contracts with any of our customers. The key terms of the contracts with our customers are set out below:

(i) Scope of work

The scope of work specifies the site and the works which we need to perform for full compliance with the requirements of the drawings and specifications as stipulated in the contract documents and the relevant laws and regulations.

(ii) Contractor's obligations

As the main contractor of a project, our Group shall be generally responsible for, among other things, (i) organising, managing, planning and supervising the carrying out of works; (ii) coordinating with our customer, subcontractors and suppliers; (iii) providing and maintaining a safe working environment for workers; and (iv) carrying out the works using materials, goods and workmanship of the types, standards and quality specified in the contract.

(iii) Contract period

The term of our contracts are generally not more than three years but may be subject to application for extension of time. The contract generally sets out the tentative date of commencement and date of completion.

(iv) Bills of quantities/schedule of rates

The bills of quantities/schedule of rates is the breakdown of the contract sum itemising the works and quantities, and setting out the price or price rate of each item of works. The schedule of rates may also contain provisional items and/or re-measurement items of works.

(v) Insurance

We are required to effect and maintain employees' compensation insurance in compliance with the provisions of the Employees' Compensation Ordinance in the joint names of our Group, our subcontractors and their respective subcontractors of all tiers. We are also required to maintain contractors' all risks insurance that covers the basic scope as individually provided in the relevant contract.

(vi) Progress payments

We generally submit interim payment applications to our customers on a monthly basis containing a statement setting out our estimation of the valuation of the works completed in the preceding month. Upon receiving our interim payment application, the architect or the consultant of our customer will verify such valuation of works completed and issue an interim payment certificate within 30 days. Within 30 days after the issuance of the interim payment certificate, our customer will make payment to us based on the certified amount stipulated in such certificate, deducting any retention money in accordance with the contract.

(vii) Retention monies

A portion of progress payment is generally held up by our customers where the certified value retained at each stage of contracts with customers in the private sector is generally 5-10% of progress payment, subject to a limit of total retention fund of not more than 5% of the total contract sum. Half of the retention money will be released to us upon the issuance of the practical completion certificate while the other half of the retention money will be released to us after the expiry of the defect liability period.

(viii) Security and other protections for customers

Our customers in the private sector may require our Group to obtain guarantee, in the form of surety bond, of an insurance company or bank that is approved by our customers to be jointly and severally bound with our Group for our due performance under the contract. The surety bonds provided by our Group during the Track Record Period are generally in an amount of not more than 10% of the contract sum which will generally be released to us upon the issuance of the practical completion certificate.

(ix) Defects liability period

Our customers normally require a defects liability period, during which we are responsible to rectify works defects or faults identified by the architect of our customer from time to time. The defects liability period typically ranges from 12 to 24 months after the issuance of a practical completion certificate. We also generally require a defects liability period from our subcontractors, where the relevant subcontractor is in general responsible for rectifying the works defects to the satisfaction of our customer and us in accordance with the defects liability clause in the subcontracting agreement with our Group.

(x) Variation orders

Our customers may issue instructions ordering variation to the design, quality or quantity of the works in the course of our performance of the relevant contracts. Where the works for variation is the same as or similar in character to and is carried out under similar conditions to work prescribed in the contract, the rate for the works under the variation order shall accord with the provision of the schedule of rates as provided in the contract. If there is no equivalent items or similar items under the construction contract for reference, our customers and our Group will negotiate an adjustment to the contract price based on reasonable cost and profit. In the event that the parties failed to agree on the price at which the variation works are to be performed, our customers shall be entitled to fix the price, which is in their opinion, reasonable.

(xi) Contract price adjustment mechanism

There is generally a contract price adjustment mechanism (both upward and downward adjustments) for adjustment to the contract sum for projects with customers in the public sector for the compensation of fluctuation risk in the costs of labour and materials. The adjustment in contract price is calculated based on the difference between the indices of costs of construction labour and materials at the time of tendering and the current values of these indices at the time of payment in accordance with a predetermined relative proportion for each cost index. References are generally made to certain price indices compiled and published by the Census and Statistics Department of the Government such as the index for the average daily wages of workers engaged in the public sector construction projects and the index for the average wholesale prices of selected building materials.

(xii) Liquidated damages

In the event that our Group fails to complete the works by the specified completion date (including any extension of time granted), our Group shall pay liquidated damages to our customer at a fixed rate on a daily basis until such works are substantially completed.

(xiii) Termination of the contract

Our customers are generally entitled to terminate the contract under the following conditions:

a. our Group completely or substantially suspend the carrying out of the works without reasonable cause;
b. our Group is not proceeding regularly and diligently with the works; or
c. our Group is not complying with the instructions of the architect of our customer.

Our Group is generally entitled to terminate the contract under the following conditions:

a. our customer does not pay the amount certified due to us within the period for payment as stated in the contract;
b. our customer interferes with or obstructs the issue of any certificate due under the contract;
c. our customer causes the carrying out of the whole or substantially the whole of the works to be suspended for a prescribed period; or
d. our customer becomes bankrupt or makes a composition or arrangement with his creditors or has a winding up order made or (except for the purposes of reconstruction) a resolution for voluntary winding up passed or a receiver or manager of his business or undertaking is duly appointed, or possession is taken by or on behalf of holders of any debentures secured by a floating charge of any property comprised in or subject to the floating charge.

Customer who was our supplier during the Track Record Period

To the best knowledge and belief of our Directors, two of our five largest customers during the Track Record Period, namely Customer C and Customer F as referred to under the paragraph headed "Customers – Major Customers" in this section (the "**Overlapping Customers**"), respectively, are controlled by the same

controlling shareholder or otherwise affiliated or related to two of our five largest suppliers during the Track Record Period, namely Supplier C and Supplier H (the "**Overlapping Suppliers**") as referred to under the paragraph headed "Suppliers" in this section, respectively.

The following table sets forth certain information in relation to the transactions with such Overlapping Customers and Overlapping Suppliers (collectively, the "**Customers/Suppliers**"):

	For the year ended 31 March			For the four months ended 31 July
	2016	**2017**	**2018**	**2018**
Percentage of revenue generated from the Overlapping Customers of our total revenue	8.7%	33.3%	35.2%	26.7%
Percentage of purchase costs paid to the Overlapping Suppliers of our total purchase costs	10.8%	12.4%	16.4%	0.9%
Gross profit of project(s) of the Overlapping Customers	HK$0.8 million	HK$14.0 million	HK$20.9 million	HK$4.1 million
Weighted average gross profit margin of project(s) of the Overlapping Customers (the "**WAGP Margin**")	2.1%	5.8%	6.1%	4.5%

During the Track Record Period, our Group provided building construction services to the Overlapping Customers and also purchased construction materials from the Overlapping Suppliers which is in accordance with the terms of the relevant contracts with the Overlapping Customers where such Overlapping Suppliers were the nominated suppliers in the relevant contracts.

The Group recorded the WAGP Margin of 2.1%, 5.8%, 6.1% and 4.5% for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, respectively. The Group recorded a significantly lower WAGP Margin of 2.1% in the year ended 31 March 2016, which was attributable to the low gross profit margin of the Queen's Road Central Project. Our Group provided building construction services to Customer C for the Queen's Road Central Project, which commenced in September 2015 recognised relatively higher costs on subcontracting works in connection with glass wall, plastering works and tower crane to Customer C for the Queen's Road Central Project for the year ended 31 March 2016. As a result, the Group recorded a relatively lower WAGP Margin of 2.1% for the year ended 31 March 2016.

To the best knowledge and belief of our Directors, these entities and their ultimate beneficial owners are Independent Third Parties. Our Directors confirmed that our Group was informed by the Overlapping Customers of their right to nominate suppliers for the relevant projects during the tender phase and that negotiations of the terms of our provision of services and purchases from the Customers/Suppliers were conducted at the same time and on a case-by-case basis after our Group was being awarded with the relevant projects and notified by the Overlapping Customers regarding the identities of the nominated suppliers. The respective terms of our provision of services and purchases with the Customers/Suppliers are relevant and inter-conditional to each other where it is either stated in the relevant contracts with the Overlapping Customers that our Group is required to purchase materials from the relevant nominated suppliers which has previously been notified by such Overlapping Customers or a list of nominated suppliers were provided by

the relevant Overlapping Customers for us to choose from after the award of the relevant project. The salient terms of the transactions with the Customers/Suppliers are similar to those with our other customers and suppliers, which our Directors consider are normal commercial terms. According to the Ipsos Report, such kind of overlapping of customers and suppliers relationships is a common phenomenon in the construction industry in Hong Kong. None of our Directors, their respective close associates or our Company's existing Shareholders who will be interested in more than 5% of our Company's issued share capital immediately following the completion of the Capitalisation Issue and the Share Offer has any interest in the Customers/ Suppliers for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018.

SUBCONTRACTORS

Our Group is the main contractor in all of our projects during the Track Record Period and was accountable to our customers for the execution and overall management of projects. We generally engage subcontractors to perform works in our projects for the purpose of maximising our cost efficiency and utilising the expertise of other specialist contractors for different kinds of works procedures in our projects. During the Track Record Period, works that we subcontracted to our subcontractors include concrete placing, steel bar fixing, formwork erection, plastering, painting, redecoration and waterproofing.

In general, we are not limited under the contracts with our customers in the delegation of works to subcontractors. Our major subcontractors include both private companies and sole proprietors which possess the requisite skills and manpower available to carry out works subcontracted to them. For the years ended 31 March 2016 and 2017 and 2018 and the four months ended 31 July 2018, our Group had engaged over 190, 250, 250 and 190 subcontractors, respectively. The increase in the number of subcontractors for the years ended 31 March 2017 and 2018 was mainly attributable to the expansion of our provision in building construction services during the Track Record Period which required more diversified nature of works to be performed and hence increased the number of subcontractors we engaged. During the Track Record Period, we did not experience any material shortage or delay in the supply of materials or services that we required from our subcontractors. Our Directors are of the view that the possibility of shortage or delay of materials or services from subcontractors is low given the availability of subcontractors in the market. During the Track Record Period, our Group did not receive any material claim or complaints from our customers in relation to the works performed by our subcontractors.

Selection criteria of subcontractors

Our Group maintains a list of approved subcontractors which is updated on an ongoing basis and we generally only select subcontractors from such approved subcontractors list for our projects. Our subcontractors are approved and selected after taking into account factors such as their costs, technical expertise, financial background, past performance, reliability and quality of services. For certain projects, our customers may retain their rights to nominate certain specific subcontractors to fulfil certain parts of the works under the relevant contracts. Where a subcontractor is nominated by our customer, our Group generally retains the right to make objection to the use of such nominated subcontractors with supporting reasons.

Major subcontractors

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our subcontracting costs amounted to approximately HK$312.6 million, HK$542.6 million, HK$785.3 million and HK$264.8 million, representing approximately 82.3%, 81.5%, 86.9% and 83.1% of our total cost of sales, respectively. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our largest subcontractor accounted for approximately 14.9%, 9.5%, 7.6% and 10.3% of our total subcontracting costs, and our top five largest subcontractors accounted for approximately 52.1%, 32.7%, 25.8% and 31.1% of our total subcontracting costs, respectively. For further details in relation to the sensitivity analysis illustrating hypothetical changes of subcontracting costs to our profit during the Track Record Period, please refer to the section headed "Financial Information – Description of selected items in combined statements of financial position – Cost of sales" in this prospectus. The credit terms granted to us by our subcontractors is generally within 30 days after presentation of original invoice and the payment record paid to the staff engaged in the preceding month and we generally settle our payment by way of cheque.

During the Track Record Period, our Group's top five largest subcontractors are all Independent Third Parties. None of our Directors, their respective close associates or our Company's existing Shareholders who will be interested in more than 5% of our Company's issued share capital immediately following the completion of the Capitalisation Issue and the Share Offer has any interest in any of our Group's top five largest subcontractors for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018.

The following table below sets forth a breakdown of the details and amount of subcontracting fees of our five largest subcontractors during the Track Record Period:

For the year ended 31 March 2016

Rank	Subcontractor	Subcontracting work performed *HK$'000*	Approximate percentage to the total subcontracting costs of our Group %	Service or materials provided	Length of relationship with our Group
1	Subcontractor A	46,508	14.9	Building maintenance works	7
2	Subcontractor B	40,924	13.1	Building maintenance works	7
3	Subcontractor C	27,543	8.8	Building maintenance works	7
4	Subcontractor D	26,959	8.6	Building maintenance works	4
5	Subcontractor E	21,077	6.7	Fitting out works	3
	Five largest subcontractors combined	163,011	52.1		

For the year ended 31 March 2017

Rank	Subcontractor	Subcontracting work performed *HK$'000*	Approximate percentage to the total subcontracting costs of our Group *%*	Service or materials provided	Length of relationship with our Group
1	Subcontractor A	51,549	9.5	Building maintenance works	7
2	Subcontractor B	36,607	6.7	Building maintenance works	7
3	Subcontractor F	36,345	6.7	Curtain wall works	2
4	Subcontractor D	27,989	5.2	Building maintenance works	4
5	Subcontractor G	24,728	4.6	Formwork erection	2
	Five largest subcontractors combined	177,218	32.7		

For the year ended 31 March 2018

Rank	Subcontractor	Subcontracting work performed *HK$'000*	Approximate percentage to the total subcontracting costs of our Group *%*	Service or materials provided	Length of relationship with our Group
1	Subcontractor H	59,814	7.6	Curtain wall works	1
2	Subcontractor B	42,366	5.4	Building maintenance works	7
3	Subcontractor I	38,831	4.9	Interior fit-out	2
4	Subcontractor J	31,157	4.0	Plumbing and drainage work	2
5	Subcontractor K	30,886	3.9	Excavation	1
	Five largest subcontractors combined	203,054	25.8		

For the four months ended 31 July 2018

Rank	Subcontractor	Subcontracting work performed *HK$'000*	Approximate percentage to the total subcontracting costs of our Group %	Service or materials provided	Length of relationship with our Group
1	Subcontractor H	27,294	10.3	Curtain wall works	1
2	Subcontractor B	22,468	8.5	Building maintenance works	7
3	Subcontractor O	12,259	4.6	Interior fitting-out works	1
4	Subcontractor P	12,087	4.6	Fitting out works	1
5	Subcontractor Q	8,349	3.1	ELS, excavation and cut pile head works	1
	Five largest subcontractors combined	82,457	31.1		

During the Track Record Period, we did not have any material dispute or claim with any of our subcontractors. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, approximately HK$44.3 million, HK$57.5 million, HK$41.9 million and HK$40.1 million were provided by

our Group to five, six, six and six of our subcontractors as loans for the corresponding period, respectively. The following table sets forth the identity and background of the subcontractors who have received loans from our Group:–

Subcontractor *(Note)*	**Background of the subcontractor**
Subcontractor L	A company that engages in the provision of building maintenance and repair services in Hong Kong
Subcontractor B	A company that engages in the provision of building maintenance and repair services in Hong Kong
Subcontractor D	A company that engages in the provision of building maintenance and repair services in Hong Kong
Subcontractor C	A company that engages in the provision of building maintenance and repair services in Hong Kong
Subcontractor A	A company that engages in the provision of building maintenance and repair services in Hong Kong
Subcontractor M	A company that engages in the provision of building maintenance and repair services in Hong Kong
Subcontractor N	A company that engages in the provision of building maintenance and repair services in Hong Kong

Note: We have attempted to seek written consents from each of the following subcontractors for disclosure of their identities. However, as at the Latest Practicable Date, we had not received any written consent from such subcontractors. As advised by our Legal Counsel, without written consent provided by the respective subcontractors, our Group is subject to confidentiality duties not to disclose the identities of our subcontractors under common law.

Our Directors confirm that the provision of loans to the abovementioned subcontractors are interest bearing advances where the repayment of advanced sum by such subcontractors will be set off against payment for the works done by our Group to such subcontractors. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our Group recognised interest income arising from loans to subcontractors and bank deposits of approximately HK$3.5 million, HK$4.3 million, HK$2.5 million and HK$0.8 million, respectively, representing approximately 69.6%, 61.6%, 42.7% and 80.5% of our other income and gains for the corresponding period, respectively. As advised by Ipsos and as confirmed by our Directors, it is the industry practice for main contractors to provide financial assistance, which is sometimes referred to as advances and either interest bearing or non-interest bearing, to their subcontractors so as to facilitate the smooth operation of a project and to alleviate the financial burden of such subcontractors due to cash flow mismatch for the time difference between the payment such subcontractors have to make regarding their workers' wages and construction material costs and the receipt of payment from our Group regarding their works done, and the difficulty such subcontractors have in obtaining bank borrowings with

commercially viable terms. The provision of financial assistance by main contractors to their subcontractors, as advised by Ipsos, will only be granted if they have a close business relationship and that such subcontractors are reliable.

Our Directors confirm there is no past or present relationship, agreement, arrangement or understanding between the abovementioned subcontractors and our Company, its subsidiaries, their shareholders, directors, senior management or any of their respective associates. Among the abovementioned subcontractors who have received loans from our Group, Subcontractor A, Subcontractor B, Subcontractor C and Subcontractor D are the Company's top five subcontractors during the Track Record Period.

Subcontracting process

In the preparation of tender submission for our projects, we generally have to review the specifications and requirements of the project in order to evaluate whether we have to engage subcontractors for certain parts of works of such project. Depending on our capabilities, resources, expertise, estimated costs and expected timetable of the project, the number of subcontractors our Group engages will vary from project to project. During the Track Record Period, we generally engaged not more than 108 subcontractors for each of our building construction projects and not more than nine subcontractors for each of our RMAA works projects.

Upon our Group is being awarded with a project, we will obtain official quotations from our subcontractors and will subsequently enter into a subcontracting agreement with them upon being satisfied with their quotations. Our subcontractors generally make payment application to us on a monthly basis for the works completed in the preceding month. Upon receiving the interim payment application, our quantity surveyor will assess and verify the works done by them and issue an approval form certifying the value of works completed. After the issuance of such approval form, we will generally make an interim payment to our subcontractors within one month from the date of their application.

Key terms of the subcontracting contract

We generally enter into legally binding subcontracting contracts with our subcontractors on a project-by-project basis. Our subcontractors are required under such contract to comply with our main contract with our customers. Our Directors are of the view that such arrangement with our subcontractors is in line with the industry practice and can minimise our liability under the main contract. The key terms of which are set out below:

(i) Scope of work

The scope of works to be subcontracted by our Group can be classified into (i) labour only; (ii) labour and machinery; (iii) labour and materials; and (iv) materials and/or machinery only. For agreements specifying labour only and materials and/or machinery only, the subcontractors are only required to provide the requisite labour or materials and/or machinery and our Group will provide other materials, machinery or labour (as the case may be) to our subcontractors to enable them to carry out the works subcontracted to them. For agreements specifying labour and machinery and labour and materials, our subcontractors will equip themselves with all the necessary machinery, materials and equipment.

(ii) Project duration

The project period with the month of commencement and completion of the project is stated in the contract. Under normal and controllable situation, our subcontractors are required to complete the project within the given period on the contract. Our Group will also notify our subcontractors of the latest project progress from time to time and require such subcontractors to meet the requirements under such project progress reports as provided to them.

(iii) Subcontracting costs and settlement term

Where our subcontractors are required to equip themselves with the necessary materials and/or machinery, such costs are generally included in the contract sum. Interim payment application shall be submitted by our subcontractors on a monthly basis. The interim payment, after deducting any retention money to be retained by our Group, will be made to our subcontractors upon certification of the works completed by them in the preceding month.

(iv) Rights and obligations of the subcontractor

Our subcontractors are required to comply with the relevant terms and conditions and perform their works in accordance with the specifications under our main contracts with our customers.

(v) Defects liability period

We generally require a defects liability period of 12 to 24 months for both building construction works and RMAA works from our subcontractors, during which our subcontractors are responsible to rectify all works defects identified by us or our customers.

(vi) Retention money

Our Group would usually retain 10% of each interim payment and up to a maximum limit of 5% of the total contract sum as retention money. The retention money would generally be released to our subcontractors either (i) after issuance of the practical completion certificate or maintenance certificate; or (ii) half after issuance of the practical completion certificate and the other half after issuance of the maintenance certificate.

(vii) Liquidated damages

A liquidated damages clause is generally included such that our Group is entitled to claim for damages for any delay from our subcontractors. The amount of liquidated damages for each project is determined on a daily basis with reference to the schedule of fixed rates prescribed in the subcontract.

(viii) Sub-subcontracting

Our subcontractors are generally prohibited to further subcontract the works subcontracted to them without our prior written consent.

(ix) Insurance

Our Group is generally responsible for maintaining employees' compensation and contractor's all risk insurance against the employees of our subcontractors and any further subcontractors down the tier whereas our subcontractors are generally responsible for taking out separate insurance for their machinery.

(x) Variation orders

Our Group has the right to order for variation of works and the rate for the works under such variation order(s) shall be determined with reference to the schedules of rates and/or bill of quantities as provided in the relevant contract. If there is no equivalent items or similar items under the contract for reference, our subcontractors and our Group will negotiate the adjustment in contract price based on reasonable cost and profit. Where consensus cannot be reached, our Group is entitled to fix the price which, is in our opinion, reasonable.

(xi) Termination of the contract

Our Group has the right to terminate the subcontracting contract with our subcontractors in the event our subcontractors (i) suspend the carrying out of the works without reasons; and (ii) breach its obligations under the subcontracting contract continuously even after written warnings have been given by our Group.

Control over subcontractors

Under the main contract entered into between us and our customers, we are generally liable to our customers for the performance and quality of work done by our subcontractors, which includes acts, defaults and neglects of the subcontractors. Since we allow our subcontractors to further subcontract part of the works subcontracted to them with our prior written consent, we are also liable for the performance of any subcontractors down the tier. Nevertheless, we require our subcontractors to rectify all defects or other faults in the works subcontracted to them within reasonable time after receiving instructions from us, regardless of whether they have further subcontracted the works to any further subcontractors down the tier.

Our Group has implemented the following measures to monitor the quality and progress of works subcontracted to our subcontractors and further subcontractors down the tier so as to ensure the compliance with the contract specifications and the relevant laws, rules and regulations:

(i) our Group only acquires subcontracted services from subcontractors on our selected and approved list which is updated regularly so as to ensure that our subcontractors are capable to undertake works of the corresponding quality, environmental and risk requirements in a safe manner;

(ii) our subcontractors are required to understand, implement and maintain our Group's project health and safety policy and furnish support with the site management on implementation of such policy;

(iii) our subcontractors' performance will be evaluated regularly to ensure possession of the required qualification and compliance with the contractual specifications and timetables;

(iv) we maintain procedures for process control such as the availability of work instructions and method statements (whenever necessary), the use of suitable equipment, the availability and use of monitoring and measuring devices and the implementation of monitoring and measuring of the activities to ensure work processes which directly affect quality, environmental and occupational health and safety are carried out under controlled conditions;

(v) the works performed by our subcontractors will be verified by subsequent inspection, functional test or testing commissioning, or if such works cannot be verified by subsequent monitoring or measurement, we would validate such works by demonstrating the ability to achieve planned results;

(vi) we will review and control changes for services provided by our subcontractors to ensure continuous conformity with the relevant requirements;

(vii) we will only release the responsibilities of our subcontractors for the performance of the subcontracted works after such works have been satisfactorily completed or approved by our customers;

(viii) where the works performed by our subcontractors are unsatisfactorily completed or disapproved by our customers, we will initiate preventive and corrective actions and will repeat the monitoring and measurement process until the results of such preventive and corrective actions are accepted by our customers; and

(ix) where our subcontractors fail to rectify the works in accordance with the contract specifications, our customers are entitled to deduct such costs and expenses incurred by them in rectifying the works from payments to our Group or from the retention money maintained by our customers. In such case, the relevant subcontractors would be fully liable to indemnify our Group against such losses and the sum would be deducted from the retention money retained by us against such subcontractors.

Based on the above, our Directors are of the view that the risk of losses or claims caused by the sub-standard performance of works or delay in progress by our subcontractors is low. During the Track Record Period, our Group has not received any material claims or complaints from our customers in relation to the performance of our subcontractors.

SUPPLIERS

We generally source and purchase construction materials from our approved list of suppliers for our projects. In general, our suppliers will send the construction materials we purchased to our project sites directly. The major construction materials for our projects include concrete and reinforcing steel bar. Our Group determines the quantity of materials to be stored at the project sites based on the work schedule, and all materials will be stored at our project sites for direct utilisation. Our Group usually do not keep any construction materials as our inventory as such materials are procured on a project-by-project basis in accordance with the project specifications.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our Group's five largest suppliers in aggregate accounted for approximately 64.1%, 60.3%, 54.8% and 88.2% of our total purchases of construction materials, respectively, while our purchases from our largest supplier were approximately 24.1%, 15.4%, 18.4% and 64.8% of our total purchases of construction materials, respectively.

The following table sets forth a breakdown of the details of our Group's five largest suppliers of construction materials during the Track Record Period:

For the year ended 31 March 2016

Rank	Supplier	Purchases by us from our supplier *HK$'000*	Approximate percentage to the total purchases of construction materials %	Principal business activities	Type of goods or services purchased by us from the supplier	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
1	Supplier A	3,426	24.1	Distribution of construction materials	Steel bars	30 days after delivery; by cheque	3
2	Supplier B	2,112	14.9	Distribution of construction materials	Steel bars	30 days after delivery; by cheque	4
3	Supplier C	1,540	10.8	Concrete manufacturing	Concrete	30 days after delivery; by cheque	3
4	Supplier D	1,507	10.6	Production and supply of concrete and building materials	Concrete	30 days after the invoice date; by cheque	2
5	Supplier E	526	3.7	Concrete manufacturing	Concrete	30 days after the invoice date; by cheque	3

For the year ended 31 March 2017

Rank	Supplier	Purchases by us from our supplier *HK$'000*	Approximate percentage to the total purchases of construction materials *%*	Principal business activities	Type of goods or services purchased by us from the supplier	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
1	Supplier A	7,593	15.4	Distribution of construction materials	Steel bars	30 days after delivery; by cheque	3
2	Supplier D	6,666	13.5	Production and supply of concrete and building materials	Concrete	30 days after the invoice date; by cheque	2
3	Supplier C	6,132	12.4	Concrete manufacturing	Concrete	30 days after delivery; by cheque	3
4	Supplier F	5,960	12.1	Trading of building materials	Concrete	30 days after delivery; by cheque	4
5	Supplier B	3,416	6.9	Distribution of construction materials	Steel bars	30 days after delivery; by cheque	4

For the year ended 31 March 2018

Rank	Supplier	Purchases by us from our supplier *HK$'000*	Approximate percentage to the total purchases of construction materials *%*	Principal business activities	Type of goods or services purchased by us from the supplier	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
1	Supplier F	7,776	18.4	Trading of building materials	Concrete	30 days after delivery; by cheque	4
2	Supplier G	4,674	11.1	Provision of concrete products	Concrete	30 days after delivery; by cheque	3
3	Supplier H	4,327	10.2	Construction	General building materials	N/A *(Note)*	1
4	Supplier I	3,737	8.8	Construction	Pre-cast Façade	30 days after delivery; by cheque	4
5	Supplier C	2,668	6.3	Concrete manufacturing	Concrete	30 days after delivery; by cheque	3

Note: The payment was made directly by Customer F to the supplier, one of our Customers/Suppliers, upon which such amount paid was then net off from the payment our Group receive from Customer F.

For the four months ended 31 July 2018

Rank	Supplier	Purchases by us from our supplier *HK$'000*	Approximate percentage to the total purchases of construction materials %	Principal business activities	Type of goods or services purchased by us from the supplier	Credit terms and payment method	Approximate year(s) of business relationship as at the Latest Practicable Date
1	Supplier J	18,629	64.8	Trading of building materials	Steel bars	30 days after invoice date; by cheque	2
2	Supplier K	3,165	11.0	Manufacturing of concrete products	Concrete	30 days after delivery; by cheque	1
3	Supplier L	2,727	9.5	Trading of building materials	Steel bars	5% deposit upon signing the contract with the remaining balance to be paid within 30 days of the invoice date; by cheque	5
4	Supplier M	436	1.5	Trading of building materials	Sanitary wares	30% deposit upon execution of purchase order with the remaining balance to be paid within 30 days of the invoice date; by cheque	4
5	Supplier N	412	1.4	Trading of building materials	Ironmongeries	30 days after invoice date; by cheque	1

Our Directors confirmed that none of our Directors, their close associates or any Shareholder who or which, to the best knowledge of our Directors owned more than 5% of the issued share capital of our Company had any interest in any of our five largest suppliers for each of the financial years/periods during the Track Record Period. All the above five largest suppliers during the Track Record Period are Independent Third Parties.

Our purchasing team is responsible for procuring the required construction materials for the carrying out of a project. Upon confirming the types and quantities of construction materials to be procured, our project team will issue purchase order requisitions to our purchasing team. Unless a specific supplier has already been nominated or required under the relevant contracts by our customers, our purchasing team will

generally obtain quotations from a number of suppliers from our approved list of suppliers for the construction materials in accordance with the purchase order requisitions. Our Directors consider that such practice enables us to enhance our price bargaining power and avoid over-reliance on a single supplier. Our project team will then review the quotations obtained and select the most suitable supplier that matches our needs.

We have not entered into any long-term supply contracts with our suppliers. We generally adopt the following key terms in a standard contract made by us with a supplier for our purchases:

(i) *Product:*

The description and particulars of the types of construction materials we required;

(ii) *Quantity:*

The quantities of the specified construction materials we required in that order;

(iii) *Price:*

The unit price of the construction materials ordered;

(iv) *Delivery time and location:*

The time period and site location area where the construction materials are to be delivered by our supplier; and

(v) *Payment terms:*

Payments are usually settled by cheque in Hong Kong dollars within 30 days after delivery or the invoice date.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, the materials directly consumed by us amounted to approximately HK$14.2 million, HK$49.4 million, HK$42.3 million and HK$28.8 million, respectively, representing approximately 3.7%, 7.4%, 4.7% and 9.0% of our total costs of sales, respectively. During the Track Record Period, our Group had not experienced any significant shortage and/or delay in delivery of construction materials by our suppliers causing disruption to our works.

INVENTORY

We did not record any inventory at the end of each financial year during the Track Record Period because (i) construction materials were usually delivered by our suppliers directly to the site of the project for immediate consumption; and (ii) construction materials were acquired on a project-by-project basis in accordance with the specification of a project. We assess the quantities and time period of construction

materials required in a particular project and procure the relevant quantities when needed depending on the work progress. As we will not retain any unutilised construction materials after completion of a project and do not keep excess inventory, we do not maintain a minimum inventory level.

MACHINERY

Certain parts of our building constructions services involve the use of machinery. During the Track Record Period, we did not own any machinery and incurred rental costs of approximately HK$0.9 million in aggregate for the rental of machinery such as tower cranes, material hoists, lorry trucks, passenger hoists, truck cranes and concrete pump from external machinery and equipment rental services providers.

Besides, we normally require our subcontractors to equip themselves with the machinery required for carrying out the works subcontracted to them. Where the use of machinery is required in performing the works subcontracted and our subcontractors are responsible for equipping themselves with such machinery, our subcontractors are generally contractually required to ensure that all machinery used complies with the relevant statutory safety requirements and are fully liable for all personal injuries and penalties resulted from such breach of statutory safety requirements.

SALES AND MARKETING

During the Track Record Period, our business opportunities arose from reviewing tender invitations that are published on various platforms including the Gazette or receiving invitation letters for tender from our customers. We do not rely on marketing and promotional activities to secure new projects.

We currently do not have a sales and marketing team. Our Directors are of the view that due to our long history and presence in Hong Kong, our proven track record and our well-established business relationship with our customers, we are able to rely on our existing customer base, reputation and customer referrals such that we do not rely on promotional activities other than the liaison with our existing and potential customers from time to time for relationship building and management. Mr. KY Tsang and certain members of our senior management, are generally responsible for maintaining our relationships with our customers and keeping abreast of market developments and potential business opportunities.

Our Directors believe that our past performance will continue to support our reputation in the industry.

SEASONALITY

Our Directors believe that the construction industry in Hong Kong generally does not exhibit any significant seasonality.

QUALITY ASSURANCE

Our Directors believe that our commitment in providing quality services in a timely manner is a major factor that contributes to our success. In order to ensure that the quality of our works and that of our subcontractors conform to the specifications of our customers, we have established an integrated management system which is certified to be in compliance with the requirements of ISO 9001:2015.

The quality control measures under our integrated management system include, among other things, the followings:

- we identify and review requirement of the potential customers during the tender phase and to ensure that we are capable of meeting the relevant contract requirement for all building construction projects;

- we mobilise resources to initiate better project preparation to the requirement of the potential customers and form a project team which expeditiously utilise competent and qualified personnel;

- we arrange for placement of early material orders, contracts and secure necessary machinery resources for the works or projects;

- a contract award notification will be posted and a tender handover meeting will be conducted among the relevant responsible staff once a contract is confirmed to ensure project team members review and resolve early procurement requirements;

- meetings may be held among our key project team members to discuss the relevant contract and resources issues to ensure our project team is suitably prepared, has a good understanding of the requirements for the project, and is familiar with the project scope and the proposed method of working upon which the tender was based;

- we choose suppliers and subcontractors from our approved list of suppliers and subcontractors, have a detailed plan and/or schedules for the procurement of materials and machinery, closely communicate with the suppliers and subcontractors, review requisition and evaluate quotations from the suppliers and subcontractors to ensure proper control before and upon delivery of such materials and machinery to the project sites;

- we evaluate the performance of our suppliers and subcontractors at least once a year and determine whether corrective or preventive actions have to be implemented on suppliers and subcontractors with unsatisfactory performance, or that such suppliers and subcontractors with unsatisfactory performance shall be removed from our approved list of suppliers and subcontractors;

- our project manager will ensure any existing foundations and adjacent structures are surveyed to ascertain their condition before commencement of our works (whenever necessary), and that a site layout plan is prepared and agreed and that any necessary technical submissions e.g. method statements, quality plans, inspection and test plans and temporary works design submissions are properly prepared and approved prior to submission;

- inspection of works and safety, health, environmental and quality ("**SHEQ**") inspection will be carried out to ensure that the completed works conform to the requirements of our customers according to the work requirements and relevant specifications, and that the site performance conforms to our SHEQ policy and legal and other requirements;

- regular site review meetings will be held with our subcontractors and relevant site staff to review the project progress, resources arrangement, project safety and security and any information that is relevant to control the project operations;

- we will evaluate and control the risks to provide a means whereby job hazards or potential hazards are identified, and manage such risks in a way to eliminate or reduce them to a tolerable or acceptable level;

- products which has been found non-compliant or defective and is not corrected immediately shall be physically identified by markings, tags or notices or, where practical, be segregated to prevent them from unintended use or further processing;

- we will arrange company orientation to all new staff regarding company rules and SHEQ policy and conduct training courses by our internal staff or external providers upon identifying needs for such training in order to promote job knowledge; and

- we will conduct staff integrated management system performance appraisal annually to analyse their competency and decide on whether additional trainings are required for job improvement to ensure our staff are effectively trained and competent to perform their duties.

During the Track Record Period, there was no material disputes between our Group and our customers with regard to the quality of work performed by us and/or our subcontractors.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety measures

We place emphasis on occupational health and safety in providing building construction and RMAA works services. Under our integrated management system which is certified to be in compliance with the requirements of OHSAS 18001:2007, we have adopted a health and safety policy as required by the relevant occupational health and safety laws, rules and regulations (details of which are set out in the section headed "Regulatory Overview – Laws and regulations in relation to the labour, health and safety" in this prospectus) for the benefit of our employees and subcontractors.

We have implemented the following measures to ensure workplace safety:

- our top management is responsible for planning, monitoring and reviewing our health and safety performance at safety committee meeting;

- our general manager would initiate and be responsible for the overall co-ordination and implementation of our health and safety policy under our integrated management system;

- we will engage an independent auditor to carry out an audit for our Group to ensure effective implementation of safety management system;

- we develop safety standards and procedures and provide safety trainings to our staff and establish two-way communication on safety matters;

- all new employees are required to attend our safety induction training that is conducted by our safety officers within two days after their commencement of work on site regarding the attitude of employees towards safety, safety-related regulations; safety practices, personal protective equipment, company safety policy and program, site facilities and environment, potential hazards associated with the site activities, emergency procedures and first aid procedures, and accident reporting and employees' compensation procedures;
- we will appoint a safety officer and safety supervisor full-time on site when the total number of employees exceed 100 and 20, respectively;
- regular inspection will be conducted by our general foreman, safety officer and personnel of site management;
- we will issue verbal warning to workers who violates our safety policy from our project sites, and will issue instructions, written warnings or disciplinary actions in case of any violation repetition;
- all employees are required to wear or use appropriate safety equipment or clothing and use the appropriate safety devices, as well as to be familiar with the relevant requirements of the project safety plan and other specific safety requirements; and
- a special meeting will be held between our project manager and subcontractors for discussion of the safety aspect before commencement of works.

As at the Latest Practicable Date, we had at least one safety officer per project for building construction and DTC projects who was responsible for regularly visiting and inspecting the performance of our works.

We have put in place an internal policy setting out the procedures for recording, handling and reporting all work-related accidents and injuries to the Labour Department. The key procedures are as follows:

- the injured shall immediately report an injury to his supervisor or site management staff;
- upon receiving the notification of such injury or accident, our safety officer will carry out an accident investigation who then shall complete the employees accident report and report to the Labour Department within 14 days from the date of the injury;
- in case of death caused by serious body injury, we should report within 24 hours to the police and report on this to the Occupational Safety & Health Branch of the Labour Department either by telephone, in person or in writing; and
- in case of dangerous occurrences, we should report all dangerous occurrences in writing to the Occupational Safety and Health Branch of the Labour Department within 24 hours.

Our Directors confirmed that during the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, and for the period from 1 August 2018 up to the Latest Practicable Date, our Group has recorded seven, nine, six, one and three "reportable accidents" (see Notes below), respectively, all involving injuries to workers who were either employed by our Group or by our subcontractors. For the

years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, and for the period from 1 August 2018 up to the Latest Practicable Date, our accident rates per 1,000 workers were approximately 13.8, 9.6, 9.4, 1.7 and 5.8, respectively, which were significantly lower than the industry average of 34.5 in 2016 according to the Ipsos Report.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, and for the period from 1 August 2018 up to the Latest Practicable Date, our fatality rates per 1,000 workers were nil, nil, nil, nil and approximately 3.9, respectively. We have taken out adequate insurance to fully cover all reportable accidents and personal injuries claims occurred during the Track Record Period and up to the Latest Practicable Date. For further details of the material personal injuries sustained by the employees of our Group and our subcontractors, please refer to the paragraph headed "Litigation and potential claims" in this section.

Notes:

1. "Reportable accidents" means workplace accidents that are required to be reported to the Labour Department.

2. Our Group's accident rate and fatality rate are calculated as the number of reportable accidents during the financial year/period divided by daily average number of employees of our Group and our subcontractors for the relevant period times 1,000.

Our Group's lost time injury frequency rates ("**LTIFR**") were approximately 0.6, 0.5, 0.4, 0.2 and 0.5 per 100,000 working hours for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 and for the period from 1 August 2018 up to the Latest Practicable Date, respectively. LTIFR is calculated as number of lost time injuries in a year divided by total hours worked by all employees of our Group and our subcontractors during the relevant period and multiplied by 100,000 hours of work. Lost time injuries refers to on-the-job injuries that are required to be reported to the Labour Department.

In October 2018, our Group has recorded a reportable accident whereby one construction worker (the "**Construction Worker**") who, to the best knowledge of our Directors having made due enquiries, is an employee of one of our Group's subcontractors, felt unwell with dizziness and lost control of the left side of his body during the course of carrying out external wall spalling works at the construction site of our Group, and was subsequently certified dead after being sent to the hospital (the "**Incident**"). Nonetheless, to the best knowledge and belief of our Directors after having made due enquiries with other construction workers who worked with the Construction Worker at the same site at the time of the Incident, the Construction Worker was neither bleeding, being hit by objects nor shown to have apparent injuries at the time of the Incident, and was wearing appropriate safety equipment and clothing. Our Directors thus believe that the fatality of the Construction Worker was arisen from his unwellness occurred during the course of work instead of injuries suffered at the relevant construction site. Our Directors also confirmed that no claim and/or legal proceedings has been filed and/or commenced in relation to the Incident as at the Latest Practicable Date.

Fatal Accident happened in December 2018

In December 2018, a fatal accident occurred at the site of Yau Mei Court, 80 Lei Yue Mun Road, Kowloon, Hong Kong (the "**Site**"), at which Wecon Limited was engaged under the DTC(3) Project to provide RMAA works services, as one construction worker (the "**Scaffolder**"), being an employee of a sub-subcontractor of Wecon Limited, sustained fatal injury during the course of work by falling from height when erecting bamboo scaffolding for spalled concrete repair works at the Site (the "**Accident**"). The value of relevant work order under which the spalled concrete repair works were carried out at the Site was HK$8,200.

After the occurrence of the Accident, our Group had followed the proper procedures including making necessary filing with the Labour Department and notifying the relevant insurer. In light of the Accident, the Labour Department issued two temporary suspension notices (the "**Suspension Notices**") in accordance with the OSHO to the Group on 27 December 2018, pursuant to which (i) the erection, alteration or removal of bamboo scaffolding; and (ii) the usage of bamboo scaffolding, at the external wall of 4/F, 7/F and 10/F of the Site shall be suspended until further notice and/or revocation of the notices. To the best of the Directors' knowledge having made due enquiry, the Scaffolder possessed of the necessary valid certificates to carry out scaffolding work.

Subsequent to the Accident and up to the Latest Practicable Date, no claims or litigation cases, whether civil or criminal, in relation to the Accident have been initiated against our Group. In view of the Accident, our Group has engaged an independent safety auditor to carry out safety audit on our safety measures and procedures, to review the Accident and to provide recommendations to prevent the recurrence of similar accident. Wecon Limited has submitted work resumption proposal to the Labour Department to in response to the Suspension Notices and the Labour Department has been considering and processing the proposal made by Wecon Limited. As at the Latest Practicable Date, there has been no further update from the Labour Department in relation to the proposal.

Wecon Limited had been taking out valid employees' compensation insurance to cover the risk of injury or death sustained in the course of employment for our employees. To the best of the Directors' knowledge and belief having made due enquiry, the relevant employees' compensation insurance was valid and subsisting to cover the employee's compensation claim or common law personal injury claim arising out of the Accident and there had been no circumstances where the insurance policy would be invalidated or void.

As at the Latest Practicable Date, as the Accident was still under investigation by the Labour Department and the relevant law enforcement agencies, the cause of Accident was yet to be ascertained. Other than the works listed in the Suspension Notices under which the work order of HK$8,200 was affected, our Directors confirm that the works of the DTC(3) Project and the operation of Wecon Limited and our Group remains unaffected by the Accident and there has not been any other suspension or termination of work imposed by the Housing Authority or our other customers in response to the Accident.

Our Legal Counsel's view to the Accident

Our Legal Counsel was of the view that as the investigation for the Accident was still undergoing by the Labour Department, it would be premature to assess the potential civil and criminal liabilities of our Group arising out of the Accident. However, we have sought advice from our Legal Counsel in respect of the possible criminal liability which Wecon Limited might be subject to. Without making any admission of any liability by us, our Legal Counsel upon reviewing the precedent cases of construction workers falling from height in the course of work has advised that the possible charges which Wecon Limited may be prosecuted are (i) failure to take adequate steps to prevent a person on the site from falling from height of two meters under Regulations 38B(1), 68(1)(a) and 68(2)(b) of the Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong), under which the maximum liability is a fine of HK$200,000 and to imprisonment for 12 months; and (ii) failure to provide and maintain a system of work for erection of the scaffold at the external wall of the building that were, so far as was reasonably practicable, safe and without risks to health of the person at the industrial undertaking under sections 6A(1), 6A(2)(a), 6A(3) and 13(1) of the FIUO, under which the maximum penalty is a fine of HK$500,000. Our Legal Counsel was further of the view that as the investigation for the fatal accident was still undergoing, it would be premature to draw any conclusion on the likelihood of Wecon Limited being prosecuted or convicted of any offence due to the occurrence of the Accident.

Our Legal Counsel was further of the view that, even if Wecon Limited were being prosecuted for the offences mentioned above, based on the precedent cases, it would be unlikely that the directors, officers and/or employees of Wecon Limited would be sued as the defendant of those offences. As it would be unlikely that the directors, officers and the employees of Wecon Limited being sued as the defendant, the likelihood of them being subject to any criminal sanctions is remote.

As for the possible civil employee's compensation claim or common law personal injury claim which could be brought against our Group in connection with the Accident, given that relevant employees' compensation insurance was valid and subsisting, our Legal Counsel was of the view that the any such possible civil claim would be subrogated by the insurer and therefore would have no material financial impact on Wecon Limited.

In addition to the above, we have sought our Legal Counsel's opinion on the risk of termination of the DTC contract of the DTC (3) Project (the "**Contract**") due to the Accident. Upon reviewing the relevant terms and conditions of the Contract, our Legal Counsel was of the view that the Housing Authority shall have the power to terminate the Contract without cause by serving prior notice in writing to Wecon Limited. Our Legal Counsel was further of the view that such power of termination under the Contract was independent and could be exercised regardless of whether the Accident had happened or not. However, given that the Housing Authority, being a Hong Kong public body, has laid down established guidelines for handling serious incident happened under the DTC contracts, our Legal Counsel was of the view that there is legitimate expectation that the Housing Authority would follow the established guidelines and procedures to handle the Accident and not to depart from those guidelines and procedures by terminating the Contract as a penalty in response to the Accident. On this basis, the risk of termination of the Contract due to the happening of the Accident is remote. For the potential actions which the Housing Authority could impose on us due to the occurrence of the Accident under the Contract, please refer to the paragraph headed "Business – Occupational health and safety – Fatal accident happened in December 2018 – Views of our Directors and the Sole Sponsor" below.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders, collectively as the indemnifiers, entered into the Deed of Indemnity, whereby our Controlling Shareholders have undertaken to indemnify our Group of the liabilities and penalty arising out of any alleged or actual violation or non-compliance by any member of our Group with any laws, regulations on or before the date on which the Share Offer becomes unconditional, including the potential criminal liabilities and penalties and all legal, costs and expenses which may arise out of the Accident. For details in relation to the Deed of Indemnity, please refer to the paragraph headed "E. Other Information – 1. Tax and other indemnities" in the Appendix IV to this prospectus.

Views of our Directors and the Sole Sponsor

During the Track Record Period, we were required to conduct safety audit every quarter by the representatives of the Occupational Safety and Health Council under the DTC. Wecon Limited has previously passed all the safety audits conducted for the DTC(3) Project and the latest safety audit conducted for the Site was on 26 and 27 September 2018. The independent safety auditor after having reviewed the Accident is of the view that the Accident is an isolated incident as (i) all the safety audits conducted for the DTC(3) Project have been passed; (ii) the Accident did not appear to be caused by any systemic failure of the safety system of our Group; (iii) our Group has put in place adequate and effective safety work system and measures to ensure the occupational health and safety of the employees of our Group and our subcontractors (including, among others, the review of the relevant scaffolding workers' training certificate as well as the examination of their personal protective equipment ("**PPE**") and fall

protection system as to the state and condition and suitability by the site foreman and/or the safety supervisor, before commencing any work at height or scaffolding work); and (iv) there has not been other serious or fatal work injury sustained by the employees of our Group or our subcontractors during the Track Record Period other than the Accident. In view of the review made by the independent safety auditor, our Directors and the Sole Sponsor concur with the view of the independent safety auditor and, in particular, that the Accident is an isolated incident, it was not caused by systemic failure of the safety system of our Group and our Group has put in place adequate and effective safety work system and measures.

Our Directors are of the view that the Suspension Notices would have no material impact on the operation of our Group, since the list of works which would be subject to the Suspension Notices were limited to the external wall of 4/F, 7/F and 10/F of the Site, under which the work order of HK$8,200 was affected, and other RMAA works under the DTC(3) Project as well as all other operation of our Group remains unaffected. In addition, our Directors are of the view that the employees' compensation insurance policy would be sufficient to cover the potential civil claim brought against our Group. In view of (i) the advice of our Legal Counsel above and the indemnity provided by our Controlling Shareholders; and (ii) the affected work order of HK$8,200 represents approximately 0.003% of revenue expected to be recognised for the years ending 31 March 2019 and 2020 from the DTC(3) Project of approximately HK$294.8 million, which is insignificant, our Directors are of the view, and the Sole Sponsor concurs, that the Accident would not have any material adverse impact on our Group's operations and financial position.

However, according to the internal guideline issued by the Housing Authority, if a serious incident, including loss of life at a construction site, happened under the DTC, the Housing Authority shall have the power to suspend the contractor from tendering new contracts from the Housing Authority. The length of suspension period would, among other things, depends on the degree of contribution by the contractor to the occurrence of the serious incident. Under the current guideline, if the contractor is found to have minor, moderate or major degree of contribution to the serious incident, the suspension period would be up to two months, four months or eight months, respectively. Upon reviewing the relevant guidelines of the Housing Authority, our Directors consider that it would be likely that Wecon Limited would be subject to a suspension of tendering imposed by the Housing Authority. As the investigation for the Accident was still undergoing, there has been insufficient evidence for our Directors to form any meaningful view on the expected period of suspension of contract tendering for Wecon Limited. Without making any admission of any liability by us, even if Wecon Limited is being suspended from tendering new contracts from the Housing Authority for eight months upon being found to have a major degree of contribution to the Accident, to the best knowledge of our Directors, such suspension would not cause any material impact on the operation and financial aspect of our Group, since (i) our existing DTC (3) Project will expire in March 2020 and we have no plan to tender for any new contract from the Housing Authority for the coming eight months; and (ii) our operation and income has no significant reliance on the RMAA works provided to the Housing Authority, given that revenue from RMAA works was approximately HK$214.7 million, HK$258.4 million, HK$163.2 million and HK$63.3 million for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, representing approximately 50.8%, 35.8%, 16.6% and 18.6% of our total revenue for the corresponding year or period, respectively.

In addition, to the best of our Directors' knowledge and belief and as advised by our Legal Counsel, our Directors consider that based on the relevant guidelines of the Housing Authority for handling serious incident happened under DTC, our chance for the Contract being terminated due to the occurrence of the Accident is remote.

Post-Accident actions

After the occurrence of the Accident, we have immediately engaged the independent safety auditor to, among others, review our safety system and safety measures in relation to working at height. The independent safety auditor has made, among other things, the following recommendations on the immediate actions to be taken by our Group to enhance occupational safety measures for working at height:

(a) site foremen and/or safety supervisor should be present to supervise and monitor the erection and dismantling of truss-out scaffolding at all times as far as practicable and they should cross-check whether the worker engaging in work at height has properly used the PPE before commencing work at height;

(b) all existing safety harness and related devices should be replaced with new ones;

(c) in order to ensure the quality and suitability of the PPE, the workers working at height should only use either (i) the safety harness provided by our Group or (ii) the PPE provided by the subcontractors of standards approved by our Group and such PPE should be checked and approved by our Group before use under the DTC(3) Project, in particular, the PPE brought by individual workers should not be allowed to use for working at height at site; and

(d) refreshment safety trainings should be provided to all scaffolders and workers who would be required to work at height.

In addition to the above, the independent safety auditor has made the following recommendations on the long-term safety measures for work at height for us and our subcontractors to observe:

(a) independent lifeline should suitably be positioned and extended to a level being able to reach by the person working at height at his expected working area;

(b) strength and stability of any anchorage should be checked by a professional structural engineer; and

(c) double-row bamboo scaffold with suitable working platform which erects from ground or from part of a permanent structure should be used as far as possible.

Since the occurrence of the Accident and up to the Latest Practicable Date, there had not been any fatal or severe occupational accident or major injuries arising from the projects of our Group. After having reviewed the Accident and the relevant safety system and measures taken up by our Group at the material time, the independent safety auditor was of the view that our Group had adequate and effective measures to prevent the recurrence of similar accidents in the future and to ensure the implementation of our safety measures by our subcontractors and their employees. Under the subcontracting contract entered into between our Group and our subcontractors, the subcontractor would be required to adhere to our safety system and measures. We would therefore continue to ensure that the subcontractor would follow the safety system and measures imposed by us. For information in relation to our control over the subcontractors, please refer to the paragraph headed "Business - Subcontractors - Control over subcontractors" in this section.

ENVIRONMENTAL MATTERS

Our operations are also subject to certain environmental requirements pursuant to the laws in Hong Kong, including those in relation to air pollution control, waste disposal, noise control and waste water discharge. For details of the regulatory requirements in relation to environmental protection, please refer to the section headed "Regulatory overview" of this prospectus.

Our Group has adopted measures and work procedures governing environment protection compliance that are required to be followed by our workers under our integrated management system which is certified to be in compliance with the requirements of ISO 14001:2015. Such measures and procedures include, among other things:

- our environmental officer shall communicate environmental issues directly to our project manager and environmental information through board notices, emails and internal circulars to our site staff which includes environmental mitigation measures, environmental work procedures, on-the-job training plans; emergency procedures and any new activities or procedures required;

- the site safety & environmental committee meeting will be held regularly to discuss the recent site environmental issues, environmental management plan, inspection items, housekeeping and mosquito control etc.;

- environmental training, such as induction training sessions and toolbox talks, will be provided to or arranged for our site staff which should cover environmental issues including air quality mitigation measures, noise mitigation measures, water quality mitigation measures and waste management measures;

- environmental walks will be conducted weekly for inspection of the project sites, checking the environmental performance of such sites is satisfactory and in compliance with the requirements of the contract and environmental management plan;

- our environmental policy statement shall be displayed at the conspicuous location of the site office; and

- any environmental complaint received by us shall be referred to our environmental officer who shall conduct an investigation and recommend remedial measures to our project manager if the complaint is related to the works.

During the Track Record Period, the aggregate annual cost of compliance with the applicable environmental laws and regulations in Hong Kong (including mainly construction waste disposal and air pollution and noise control cost) was approximately HK$0.4 million, HK$0.4 million, HK$2.2 million and HK$2.2 million, respectively.

As confirmed by our Directors and as advised by the Legal Counsel, during the Track Record Period and up to the Latest Practicable Date, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we owned one domain name in Hong Kong. Details of our intellectual property rights are set out in the paragraph headed "B. Further information about the business of our Group – 2. Intellectual property rights" in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were not involved in any proceedings with regard to, and we have not received notice of any claims of, infringement of any intellectual property rights that may be threatened or pending in which we may be involved either as a claimant or respondent.

INSURANCE

Pursuant to section 40 of the Employees' Compensation Ordinance (Chapter 282, Laws of Hong Kong), all employers (including contractors and subcontractors, full-time and part-time employees) are required to take out insurance policies to cover their liabilities for their injuries at work.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, the total insurance cost for our projects amounted to HK$10.8 million, HK$8.8 million, HK$10.0 million and HK$3.0 million, respectively. Our Directors are of the view that the existing insurance coverage is adequate and consistent with the industry norm having regard to our current operations and the prevailing industry practice.

During the Track Record Period and up to the Latest Practicable Date, we have taken out employees' compensation insurance and contractor's all risks insurance for the entire project when acting as a main contractor which cover works performed by us and our subcontractors. Our contractor's all risks insurance generally covers the following:

(i) loss of or damage to the permanent and temporary works constructed and erected or in the course of construction or erection in performance of the contract and all other property for which the insured contractor is responsible under the contract whilst on the site and subject to its value being included in the sum insured however excluding constructional plant and temporary buildings;

(ii) costs and expenses in respect of architects', surveyors' and consulting engineers' fees necessarily incurred in the reinstatement of the insured property consequent upon its loss or damage but not for preparing any claim it being understood that the amount payable thereunder shall not exceed the scale charges of the appropriate professional body; and

(iii) costs and expenses necessarily incurred by the insured with the consent of the insurers in dismantling and removing debris of the portion or portions of the destroyed or damaged property insured under item (i) above.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any research and development activity.

EMPLOYEES

As at the Latest Practicable Date, we had 177 employees who were directly employed by our Group. A breakdown of our employees by function is set forth below:

	As at 31 March			As at 31 July	As at the Latest Practicable Date
	2016	2017	2018	2018	
Director office	3	3	3	3	3
Construction *(Note)*	35	75	73	83	90
• Assistant Administrative Supervisor	–	1	1	1	1
• Assistant Building Services Engineer	1	3	2	1	1
• Building Services Graduate Engineer	–	–	1	1	–
• Building Services Engineer	–	3	3	5	6
• Senior Building Services Engineer	–	2	1	2	1
• Deputy Building Services Manager	–	–	1	1	1
• Building Services Manager	1	–	1	1	1
• Assistant Engineer	–	1	–	–	–
• Senior Engineer	–	–	1	1	1
• Assistant Foreman	3	2	3	3	3
• Foreman	1	6	6	8	8
• General Foreman	1	4	2	5	5
• Senior Foreman	–	1	1	1	1
• Assistant General Manager	–	1	1	1	1
• General Manager	1	–	1	1	1
• Assistant Project Coordinator	3	5	3	3	4
• Project Coordinator	2	5	5	3	5
• Senior Project Coordinator	–	–	–	3	1
• Assistant Project Manager	1	1	2	2	3
• Project Manager	1	2	1	1	1
• Senior Project Manager	–	3	3	4	4
• Senior Project Manager (Facade)	–	–	–	–	1
• Assistant Purchasing Officer	1	–	–	–	–
• Site Agent	2	–	–	–	–
• Site Clerk	2	3	3	3	3
• Site Assistant	–	–	–	1	1
• Management Trainee	–	–	1	2	2
• Driver	1	2	2	1	1
• Ganger	1	1	–	–	–
• Labourer	7	15	17	17	19
• Mechanic	4	9	9	9	9
• Passenger Lift Driver	–	1	–	–	–
• Tower Crane Operator	2	4	2	2	4
• Draftsman	–	–	–	–	1
Maintenance	54	63	35	37	41
Safety & Environmental	6	8	7	9	11
Commercial/Contract	10	11	13	13	17
Human Resources & Administration	6	7	7	10	10
Finance & Accounting	3	3	5	5	5
Total	117	170	143	160	177

Note: Our staff under the construction department is generally responsible for the operational management and execution of our building construction projects.

As a measure to avoid redundancy of manpower, we plan and monitor closely the schedules of our various projects and the workload of our employees among such projects so that any release of manpower in projects that have been completed or are about to complete could be duly deployed into other projects which have commenced or are about to commence. As such, the capacity of our existing project management teams had substantially been utilised with no material redundancy during the Track Record Period.

In line with our substantial increase in revenue contribution from our building construction projects, our number of construction employees (who were mainly responsible for our building construction projects) had increased during the Track Record Period. Since two of our major RMAA works projects from the DTC were completed in March 2017 with only one RMAA works project from the DTC in progress as at the Latest Practicable Date, we reallocated certain staff from the two completed DTC projects to the new DTC project in progress while the remaining staff was departed due to normal turnover to seek other employment opportunities or was dismissed for cost control purpose, which resulted in the decrease in the number of maintenance employees during the Track Record Period.

Relationship with staff

Our Directors consider that we generally have maintained good relationship with our employees. We had not experienced any significant problems with our employees or any disruption to our operations due to labour disputes nor had we experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel during the Track Record Period.

Recruitment policies

We generally recruit our employees from the open market through placing recruitment advertisements and by referral. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. We assess the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

Training and remuneration policy

We entered into separate labour contracts with each of our employees in accordance with the applicable labour laws of Hong Kong. The remuneration offered to employees generally includes salaries and discretionary bonuses. In general, we determine the salaries of our employees based on each employee's qualification, experience and personality. We also provide various types of trainings to our employees and sponsor our employees to attend external training courses.

PROPERTIES

Our Group owns one property in Hong Kong with its details set out as follows:

Location	Gross floor area (in approximate sq. ft.)	Usage
Workshop Unit No.6, 7th Floor, Kin Wing Industrial Building, Tuen Mun, New Territories, Hong Kong	1,500	Warehouse

As at the Latest Practicable Date, no single property owned by us had a carrying value exceeding 15% of our total assets. Accordingly, no property valuation report in respect of our property interests is required in reliance upon the exemption provided by section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

As at the Latest Practicable Date, we had seven leased properties located in Hong Kong with their details set out as follows:

Location	Gross floor area (in approximate sq. ft.)	Term	Rental/ licence fee	Usage
Workshop No.6, 11th Floor, Global Trade Centre, 15 Wing Kin Road, Kwai Chung, New Territories	939	20 March 2018 to 19 March 2020	HK$11,500 per month	Site facility
Apartment A on 23rd Floor and Car Parking Spaces Nos. 17 and 24 on 2nd Lower Ground Floor, Kennedy Heights, Nos.10-18 Kennedy Road, Hong Kong	3,400	7 May 2017 to 6 May 2019	HK$135,000 per month	Director's quarter
Room 904, 9th Floor, Catic Building, 44 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong	598	16 February 2017 to 15 February 2019	HK$8,700 per month	Site facility
Room 901, 9th Floor, Catic Building, 44 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong	826	16 February 2017 to 15 February 2019	HK$12,800 per month	Site facility
Room No.1801, 18th Floor, Tung Hip Commercial Building, Nos.244-252 Des Voeux Road Central, Hong Kong	2,464	1 April 2018 to 31 March 2020	HK$74,910 per month	Office

Location	Gross floor area (in approximate sq. ft.)	Term	Rental/ licence fee	Usage
Room No.1802, 18th Floor, Tung Hip Commercial Building, Nos.244-252 Des Voeux Road Central, Hong Kong	2,406	1 April 2018 to 31 March 2020	HK$73,145 per month	Office
Unit 05 on 5th Floor and Units 07-08 on 13th Floor, Celebrity Commercial Centre, 64 Castle Peak Road, Kowloon, Hong Kong	1,360	2 May 2018 to 1 May 2019	HK$23,120 per month	Site facility

LICENCES AND QUALIFICATIONS

In order to ensure that we are able to obtain and maintain all necessary licences, qualifications and certifications for our operation in Hong Kong promptly, we maintain records which set out the relevant information including the respective expiry dates. We are responsible for making submissions to the relevant authorities before expiry of the licences, qualifications and certifications and checking all applicable requirements are complied with to ensure that we maintain valid licences, qualifications, and certifications for the services we render to our customers.

As confirmed by our Directors and as advised by the Legal Counsel, we have complied with all applicable laws, rules and regulations in all material aspects in Hong Kong and maintained all the necessary licences, qualifications and certifications which are required to carry on our activities in Hong Kong as at the Latest Practicable Date. Our Directors confirm that we have not experienced any refusal of renewal or revocation of the licences, qualifications and certifications necessary for our operations during Track Record Period and up to the Latest Practicable Date.

As at the Latest Practicable Date, we had obtained the following licences and qualifications in relation to our business in Hong Kong:

Relevant authority/ organisation	Relevant list/category	Licence/ qualification	Holder	Year of grant/first registration	Expiry date	Authorised contract value
Building Authority	Certificate of Registration of General Building Contractor (formerly known as "Certificate of registration of registered contractor")	–	WL WCE	1984 2000	18 October 2020 21 October 2020	N/A
Hong Kong Housing Authority	Building (New Works)	Group NW1 (probationary)	WL	1990	N/A *(Note)*	Restricted to undertake not more than one Group NW1 contract at any one time
WBDB	Buildings category of the Contractor List	Group C (probationary)	WL	1994	N/A *(Note)*	A maximum of two Group C contracts provided that the total value of Group C works in any one category does not exceed HK$700 million
Hong Kong Housing Authority	Building (Maintenance works)	Group M2 (confirmed)	WL	2006	N/A *(Note)*	Maintenance and improvement contracts of unlimited value
Electrical and Mechanical Services Department	Certificate of Registration of Electrical Contractor	–	WCE WL	2012 2012	8 January 2020 8 January 2020	N/A

Note: The relevant licence/qualification is not subject to periodic renewal application.

CERTIFICATIONS, AWARDS AND RECOGNITIONS

The following table sets forth the certifications we received as at the Latest Practicable Date:

Nature	Certification	Awarding organisation or authority	Holder	Year of grant	Expiry date
Environmental management system certification	ISO 14001	Accredited Certification International Limited	WCE	2015	1 March 2021
			WL	2011	30 October 2021
Energy management system certification	ISO 50001	Accredited Certification International Limited	WCE	2015	30 August 2021
			WL	2015	11 April 2021
Quality management system certification	ISO 9001	Accredited Certification International Limited	WCE	2015	1 March 2021
			WL	2011	29 April 2021
Occupational health and safety management system certification	OHSAS 18001	Accredited Certification International Limited	WCE	2015	1 March 2021
			WL	2011	25 June 2020

The following table sets forth the major awards and accreditations we received from different Government departments and accreditation organisations in relation to our outstanding performance and quality of work and services:

Description	Awarding organisation/ institution	Year of grant
Quality Building Award 2018 – Merit Award – Hong Kong Non-Residential (New Building – Non-Government, Institution or Community) category – H Queen's	The Hong Kong Construction Association, The Hong Kong Institute of Architects, The Hong Kong Institute of Construction Managers, The Hong Kong Institution of Engineers, The Hong Kong Institute of Housing, The Hong Kong Institute of Surveyors, The Hong Kong Quality Assurance Agency, The Hong Kong Chapter of International Facility Management Association and The Real Estate Developers Association of Hong Kong	2018
2017 HKCA Safety Merit Award	Hong Kong Construction Association	2018
Outstanding Maintenance & Improvement Project – Silver Award	Hong Kong Housing Authority	2011
Minor Maintenance Works Team Award	Hong Kong Housing Authority	2007
Good People Management Award	Labour Department	2004
Outstanding Contractor (Silver Award) under the Estate Term Contract Category	Hong Kong Housing Authority	2004
Outstanding Contractor (Bronze Award) under the Estate Term Contract Category	Hong Kong Housing Authority	2003
Good People Management Award	Labour Department	1999
Best Maintenance Works Site (Bronze Award)	Hong Kong Housing Authority	1998
Annual Contractor Performance Award	Architectural Services Department	1993

COMPETITION

According to the Ipsos Report, the overall construction works industry in Hong Kong experienced a strong growth from 2012 to 2017 due to the expenditure on public construction projects initiated by the Government. The gross output value of overall construction works performed at construction sites in Hong Kong increased from approximately HK$124.4 billion in 2012 to approximately HK$196.6 billion in 2017, at a CAGR of approximately 9.6%. The growth in gross output value is expected to decelerate due to the completion of most of the public construction projects. Nevertheless, such gross output value will be supported by the supply of public and private housing land.

Building construction works industry

The gross output value of the building construction works industry in Hong Kong increased from approximately HK$72.9 billion in 2012 to approximately HK$128.1 billion in 2017, at a CAGR of approximately 11.9%. Such increase was attributable to the Government's initiatives to increase housing supply and the increase in construction projects for the development of private residential, commercial and office buildings. Supported by the upcoming and incumbent development plans of the Government, it is expected that the gross output value of the building construction works industry will grow from approximately HK$136.1 billion in 2018 to approximately HK$154.8 billion in 2022, at a CAGR of approximately 3.3%.

RMAA works industry

According to the Ipsos Report, the revitalisation of industrial buildings scheme implemented by the Development Bureau and the estate improvement program implemented by the Government leads to an increase in the number of industrial buildings being revitalised and the RMAA works on the building structures and common areas of public housing estates. The gross output value of the RMAA works industry experienced a positive growth from approximately HK$41.4 billion in 2012 to approximately HK$62.2 billion in 2017, at a CAGR of approximately 8.5%. Such gross output value is expected to grow moderately from approximately HK$68.2 billion in 2018 to approximately HK$69.7 billion in 2022, at a CAGR of approximately 0.5%, due to the demand for RMAA works which stems from the mandatory building inspection scheme and mandatory windows inspection scheme.

Competitive analysis

Both the building construction and RMAA markets in Hong Kong are relatively fragmented. The top five players of the building construction works industry in Hong Kong in 2016 accounted for approximately 15.6% of the total revenue of the building construction market, while the top ten players of the RMAA works industry in Hong Kong in 2016 accounted for approximately 20.5% of the total revenue of the RMAA market. For details, please refer to the section headed "Industry Overview – Competitive landscape of the building construction works industry and the RMAA works industry in Hong Kong – Competitive situation of the building construction works industry" and "Industry Overview – Competitive landscape of the building construction works industry and the RMAA works industry in Hong Kong – Competitive situation of the RMAA works industry" in this prospectus.

According to the Ipsos Report, the emphasis on sufficient practical industry experience and well-established networks and the requirements for stable and adequate cash flow are the key entry barriers of the building construction works industry in Hong Kong, while high capital requirements and the licence requirements to be listed on the Contractor List and the list of approved suppliers of materials and specialist contractors for public works are the key entry barriers of the RMAA works industry in Hong Kong. For further details, please refer to the section headed "Industry Overview – Competitive landscape of the building construction works industry and the RMAA works industry in Hong Kong – Entry barriers of the building construction works industry" and "Industry Overview – Competitive landscape of the building construction works industry and the RMAA works industry in Hong Kong – Entry barriers of the RMAA works industry" in this prospectus.

NON-COMPLIANCE

The following table sets forth our material non-compliance incidents during the Track Record Period, the legal consequences, potential maximum fines or penalties on and other financial losses to us, remedial actions taken to rectify such non-compliance and latest status and the measures implemented to prevent any future breaches and ensure on-going compliance:

Item	Event of non-compliance	Name of subsidiary	Reason(s) for non-compliance	Director(s) or senior management involved in the non-compliance	Legal consequences and maximum potential penalty	Remedial action(s) taken and to be taken and current status as at the Latest Practicable Date	Measures to prevent any future breaches and ensure on-going compliance
1.	Breach of user restriction set out in the relevant occupation permit and new grant of the premises located at Factory L and K on 16/F of Block 2, Golden Dragon Industrial Centre, Nos.162-170 Tai Lin Pai Road, Kwai Chung, New Territories (the "**Kwai Chung Premises**"). The Kwai Chung Premises was used by our Group as office and workshop but the permitted use as specified in the relevant occupation permit is "factory for non-domestic" use and as specified in the New Grant No. TW4694 governing the relevant section is "industrial and/or godown" while the permitted use as specified in tenancy agreement was industrial. Besides, Wecon Limited demolished the partition wall between Factory K and Factory L in the Kwai Chung Premises upon taking up the said tenancy.	Wecon Limited	The non-compliance was not wilful, which occurred due to the absence of timely and professional advice and the fact that our Group was not aware of the user restriction and alteration restriction at the material time.	Human Resources & Administrative Manager	In relation to the breach of user restriction of the Kwai Chung Premises, as advised by the Legal Counsel, there is no liability on the part of the tenant vis-à-vis the Government under the government lease. However, the landlord may commence civil action against Wecon Limited for causing the breach of the user restriction contrary to the tenancy agreement and demand for termination of the tenancy agreement, forfeit the initial deposit and/or to claim for damages. In case of the Kwai Chung Premises being re-entered by the Government as a result of Wecon Limited's use of which as office instead of factory, the landlord is likely to claim against us for all the loss and damages suffered by the landlord as a result thereof. Under section 25(2) of the Buildings Ordinance, where in the opinion of the Building Authority any building is not suitable by reason of its construction for its present or intended use, he may by order in writing served on the owner or occupier (a) within 1 month of the receipt of a notice under subsection (1) prohibit such intended use; or (b) require the owner or occupier to discontinue such present use of the building within 1 month from the service of the order: Provided that the Building Authority may permit by notice in writing such building works as he deems necessary for the purpose of rendering the building suitable for its present or intended use. Under section 40(1B) of the Buildings Ordinance, any person who without reasonable excuse, fails to comply with an order served on him under section 25(2) of the Buildings Ordinance shall be guilty of an offence and shall be liable on conviction to a fine at level 5 (up to HK$50,000) and to imprisonment for 1 year and to a further fine of HK$5,000 for each day during which it is proved to the satisfaction of the court that the failure to comply with the order has continued. As at the Latest Practicable Date, Wecon Limited has not received any order served under section 25(2) of the Buildings Ordinance. On such basis, the Legal Counsel does not consider there being any liability of the Wecon Limited for its use of the Kwai Chung Premises as office at this stage.	We discover this non-compliant incident during the preparation of our listing exercise upon reviewing the tenancy agreements and documents relating to the title and user of the Kwai Chung Premises. Wecon Limited has terminated the tenancy agreement in relation to the Kwai Chung Premises and relocated its office function in the Kwai Chung Premises to its main office situated at 18/F., Tung Hip Commercial Building, 244-252 Des Voeux Road Central, Hong Kong, the permitted use of which is office. Wecon Limited has reinstated the partition wall when surrendering the lease to the relevant landlord. Our Directors have assessed with reference to the current market rent of the office premises available for leasing in the Kwai Chung area of comparable sizes that the rental cost for the Kwai Chung Premises was lower than the market rate of approximately HK$555,744 per annum by comparing with the premises which could legally be used as office.	We will seek timely and professional advice before entering into tenancy agreements in the future.

Item	Event of non-compliance	Name of subsidiary	Reason(s) for non-compliance	Director(s) or senior management involved in the non-compliance	Legal consequences and maximum potential penalty	Remedial action(s) taken and to be taken and current status as at the Latest Practicable Date	Measures to prevent any future breaches and ensure on-going compliance
					In relation to the demolition of the partition wall in the Kwai Chung Premises, as advised by the Legal Counsel, it is unclear whether the demolition of the partition wall falls within alterations and additions work ("**A&A work**"). If the demolition of the said partition wall is A&A work, the lack of consent and approval from the Building Authority thereof may constitute a form of unauthorised building work. The Buildings Department may issue statutory order to the owner concerned or occupier (as the case may be) requiring removal of the unauthorised building work under section 24(1)(c) of the Buildings Ordinance and register the order in the Land Registry against the relevant property titles under section 24(2C) of the Buildings Ordinance. Any person who, without reasonable excuse, fails to comply with an order served on him under section 24(1) of the Buildings Ordinance shall be guilty of an offence and shall be liable on conviction to a fine of HK$200,000 and to imprisonment for 1 year and to a fine of HK$20,000 for each day during which it is proved to the satisfaction of the court that the offence has continued. The Legal Counsel is of the view that the risk of prosecution against Wecon Limited will be zero as the authority would not take action against historical unauthorised building work which has been rectified.		
2.	Breach of user restriction set out in the relevant Government lease of the premises located at Lot No. 2409B and 2411AB in D.D. 120 (the "**Yuen Long Premises**"). The Yuen Long Premises was used by our Group as warehouse but the permitted use as specified in the relevant Government lease is "agricultural or garden" and and the permitted use as specified in the statutory plan is "U", meaning "undetermined". Two warning letters issued by the Lands Department to the registered owner of Lot No. 2411 (A&B) and (C) in D.D. 120 (the "**Lot**") to demolish unauthorised building works dated 7 September 2017	Wecon Limited	The non-compliance was not wilful, which occurred due to the absence of timely and professional advice at the material time. The unauthorised building works already existed when we entered into the relevant tenancy agreement.	Human Resources & Administrative Manager	In relation to the breach of user restriction of the Yuen Long Premises, as advised by the Legal Counsel, there is no liability on the part of the tenant vis-à-vis the Government under the government lease. However, the landlord may commence civil action against Wecon Limited for causing the breach of the user restriction. In relation to the unauthorised structure built on the Yuen Long Premises, as advised by the Legal Counsel, as the warning letters were issued to the landlord. It is the duty of the landlord to purge the breach, i.e. by demolishing the unauthorised structure on the Lot. There is no liability on the part of Wecon Limited vis-à-vis the Government under the government lease. The Legal Counsel is of the opinion that the use of the Yuen Long Premises as warehouse may be considered as a use not permitted under the statutory plan and thus in contravention of section 21 of the Town Planning Ordinance (Cap. 131). If the breach is so discovered, there is a risk that Wecon Limited may be prosecuted. The maximum potential liability of HK$500,000. The Legal Counsel is of the opinion that given the clear record of Wecon Limited, the fine (if any) will likely be at the lower end in the range of about HK$50,000 to HK$100,000.	We discovered this non-compliant incident during the preparation of the Listing exercise upon reviewing the tenancy agreements and documents relating to the title and user of the Yuen Long Premises. Wecon Limited has terminated the tenancy agreement in relation to the Yuen Long Premises. Our Directors have assessed with reference to the current market rent of the warehouse available for leasing in the Yuen Long area of comparable sizes that the rental cost for the Yuen Long Premises was in line with the market rate for premises that could legally be used as warehouse.	We will seek timely and professional advice before entering into tenancy agreements in the future.

Item	Event of non-compliance	Name of subsidiary	Reason(s) for non-compliance	Director(s) or senior management involved in the non-compliance	Legal consequences and maximum potential penalty	Remedial action(s) taken and to be taken and current status as at the Latest Practicable Date	Measures to prevent any future breaches and ensure on-going compliance
3.	Our Group failed to give written notice (Form 56E) for 266 employees in the financial years ended 31 March 2016 and 2017 to the Inland Revenue Department when when it commenced to employ our employees in breach of section 52(4) of the Inland Revenue Ordinance (Cap. 112) ("**IRO**").	Wecon Limited	The non-compliance was not wilful, which occurred due to the inadvertent mistake at the material time.	Human Resources & Administrative Manager	Under section 52(4) of the IRO, the maximum penalty for each offence would be a fine of HK$10,000 and the court order that Wecon Limited shall do the act which it failed to do under section 80(1)(c) of the IRO.	We, on no-name basis, have made enquiry to the Inland Revenue Department who confirmed that no re-filing of the relevant notices is required. The Legal Counsel is of the opinion that it is the usual practice of the Inland Revenue Department that those outstanding forms would not be required to be filed to the Inland Revenue Department if the employer filed the Employer's Return of Remuneration and Pension (i.e. Form 56B). For each year during the Track Record Period, Wecon Limited has duly filed Forms 56B. On such basis, the Legal Counsel is of the opinion that the chance of Wecon Limited being prosecuted for breach of section 52(4) of the IRO is highly remote. The Legal Counsel is also of the opinion that even if penalty action (as opposed to prosecution) is to be initiated against Wecon Limited for the said non-compliances of failing to file Forms 56E, the penalty for first offender will be 10% of the amount of tax undercharged. Given that no tax undercharge was arised from the said incidents of non-compliance for failing to file Forms 56E, the Legal Counsel would not expect that there would be any penalty imposed against Wecon Limited in lieu of prosecution.	Going forward our Group will also keep a register of the commencements of employment of all employees. Our Group will also appoint the human resources and administrative officer to ensure that related information will be filed to the Inland Revenue Department when appropriate. The human resources and administrative officer will also conduct checks on a monthly basis to ensure that the related information will be field to the Inland Revenue Department on a timely basis.

Views of the Directors and the Sole Sponsor

The Directors consider that the non-compliance incidents mentioned above do not affect the suitability of the executive Directors under Rule 3.08 and 3.09 of the Listing Rules or the suitability of listing of our Company under Rule 8.04 of the Listing Rules, having taken into consideration that:

(i) such non-compliance incidents arose during the ordinary course of business of our Group and the underlying causes of such non-compliance incidents was due to the inadvertent mistake at the material time;

(ii) our Group has implemented the abovementioned key preventive measures to avoid recurrence of the noncompliance incidents; and

(iii) the non-compliance incidents were unintentional and did not involve any dishonesty or fraudulent act on the part of the executive Directors.

In view of the above, the Directors believe, and the Sole Sponsor concurs that, the internal control measures are adequate and effective to ensure a proper internal control system of our Group and prevent the recurrence of the non-compliance incident.

LITIGATION AND POTENTIAL CLAIMS

During the Track Record Period and as at the Latest Practicable Date, our Group had been or is involved in a number of claims, litigations and potential claims against our Group in the ordinary and usual course of our Group's business. Set out below are the details of (i) the ongoing litigations against our Group as at the Latest Practicable Date; and (ii) the litigation against our Group settled (either by way of court judgment or settlement between parties) during the Track Record Period and up to the Latest Practicable Date. The Directors are of the view that occurrence of the employees' compensation claims and/or personal injury claims is not uncommon in the industry.

Ongoing litigations against our Group as at the Latest Practicable Date

The following table sets forth details of the ongoing litigations against our Group as at the Latest Practicable Date:

Name of our Group companies	Date of accident	Project	Nature of accident/claim	Identity of the injured worker/ capacity of the plaintiff(s)/ applicant(s)	Compensation claimed/amount settled	Insurance coverage	Status as at the Latest Practicable Date
WCE	28 February 2015	53 Conduit Road, Mid-Levels West, Hong Kong	A worker alleged that he sprained his left wrist when he pulled a mental working platform	Group's subcontractor's employee	An employees' compensation of HK$443,261 was made. Personal injuries claim was in progress and the amount of claim is HK$1,496,250 (excluding interest).	100%	Outstanding The employees' compensation claim was settled. The insurer has taken over the case and the case was still ongoing as at the Latest Practicable Date.
WCE	23 January 2014	102, Argyle Street, Kowloon, Hong Kong	A worker alleged that she fell down and injured her waist and thigh when she was clearing the dump	Group's subcontractor's employee	An employees' compensation of HK$251,240 was made. Personal injuries claim was in progress and the amount of claim is HK$995,035.5 (excluding interest).	100%	Outstanding The employees' compensation claim was settled. The insurer has taken over the case and the case was still ongoing as at the Latest Practicable Date.
WCE	27 April 2015	10/F, 53 Conduit Road, Central, Hong Kong	A worker alleged that his left footpad was injured by a trolley when he was handling the tiles	Group's subcontractor's employee	An employees' compensation of HK$255,000 was made. Personal injuries claim was in progress and the amount of claim was HK$613,900 plus interest.	100%	Outstanding The insurer has taken over the case and the case was still ongoing as at the Latest Practicable Date.
WCE	10 June 2016	163 Shau Kei Wan Road, Shau Kei Wan, Hong Kong	A worker alleged that her forehead and teeth were hit by a wooden beam at the construction site and she sprained her left thumb, left leg and her lower back afterwards	Group's subcontractor's employee	An employee's compensation claim was received on 15 December 2017. The claimant has not completed the assessment of damages by the Labour Department. The amount of claim will be available after the assessment.	100%	Outstanding The insurer has taken over the case and the case was still ongoing as at the Latest Practicable Date.

Name of our Group companies	Date of accident	Project	Nature of accident/claim	Identity of the injured worker/ capacity of the plaintiff(s)/ applicant(s)	Compensation claimed/amount settled	Insurance coverage	Status as at the Latest Practicable Date
WCE	28 June 2018	The Victory Avenue Project	A worker alleged that he injured his finger by trapping it in the metal hinge of a trolley when folding the trolley	An employee of the landlord's nominated subcontractor	Personal injuries claim was in progress and the amount of claim was to be assessed.	100%	Outstanding The insurer has taken over the case and the case was still ongoing as at the Latest Practicable Date.
WCE	5 December 2017	Kwun Tong Project	A worker right foot was hit by falling bricks from the wooden pallet when he was preparing to load the bricks onto the trolley	An employee of the subcontractor	Amount of the employee compensation was to be assessed	100%	Outstanding The insurer has taken over the case and the case was still going on as at the Latest Practicable Date.

Litigations against our Group settled (either by way of court judgment or settlement during the Track Record Period and up to the Latest Practicable Date)

The following table sets forth details of the litigations against our Group settled (either by way of court judgment or settlement between parties) during the Track Record Period and up to the Latest Practicable Date:

Name of our Group company(ies)	Particulars of the claim	Total amount settled	Judgement/ settlement date	Insurance coverage/ indemnity
Wecon Limited	It was alleged that on 2 February 2016, the applicant, who was employed by our Group's subcontractor in the project in Shun Tin Estate, sustained injury to his right foot as he hit against the door as a result of slipping and falling off from the ladder.	An employees' compensation of HK$244,400	21 May 2018	100%
Wecon Limited	It was alleged that on 11 November 2014, the applicant, who was employed by our Group's subcontractor in the project in Shun Lee Estate, sustained injury to her head since she fell down when she was handling silt.	An employees' compensation of HK$212,100	17 July 2017	100%

Name of our Group company(ies)	Particulars of the claim	Total amount settled	Judgement/ settlement date	Insurance coverage/ indemnity
Wecon Limited	It was alleged that on 11 March 2016, the applicant, who was employed by our Group's subcontractor in Lok Wah Estate under district term contract, sustained injury to his left finger which was cut by the blade of a grinder.	An employees' compensation of HK$192,960 and personal injuries damages of HK$382,960	14 September 2017	100%
WCE	It was alleged that on 5 March 2014, the applicant, who was employed by our Group's subcontractor in project at 19/F, 133-139 Electric Road, sustained injury to his left hand as he was hit by a metal bracket.	Personal injuries damages of HK$121,600	22 March 2018	100%
WCE	It was alleged that on 23 August 2013, the applicant, who was employed by our Group's subcontractor in project at No-53 Conduit Road, sustained injury to his ankle as he slipped and fell from the wooden side.	Personal injuries damages of HK$826,859	12 March 2018	100%

Potential employees' compensation claims and/or personal injury claims as at the Latest Practicable Date

As at the Latest Practicable Date, save and except for the fatal accident as disclosed in the paragraphs headed "Business – Occupational Health and Safety – Fatal Accident happened in December 2018" in this section, there were no accidents in respect of which the injured persons have not yet filed any claims or commenced legal proceedings against our Group. For some of the employees' compensation claims, even if such claims have been settled, the injured workers may still pursue personal injury claims against our Group under the common law within three years from the date of the accidents if the injuries were caused to the workers by the negligence, breach of statutory duty or other tortious act or omission of our Group. The damages awarded under the personal injury claims are normally reduced by the value of the compensation paid or payable under the employees' compensation claims. The amount of any such potential claims shall be covered by the insurance policies maintained by our Group.

Save as disclosed above, no other claim or litigation of material importance was known to the Directors to be pending or threatened against any member of our Group during the Track Record Period and as at the Latest Practicable Date.

CORPORATE GOVERNANCE MEASURES

We recognise the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. In order to comply with the requirements under the Listing Rules, in particular, the code provisions contained in the corporate governance code as set out in Appendix 14 (the "**Code**") of the Listing Rules, we will adopt the following measures prior to Listing:

(i) we have established the audit committee, remuneration committee and nomination committee with respective written terms of reference in accordance with the code provisions contained in the Code. The paragraph headed "Directors and Senior Management – Board Committees" in this prospectus set out further information;

(ii) our Board has adopted the terms of reference with regard to corporate governance and a shareholders' communication policy in accordance with the code provisions of the Code;

(iii) we have appointed three independent non-executive Directors and at least one of them has accounting expertise;

(iv) the Chairman of our Board, Mr. KY Tsang, acts as the leader of our Board. Mr. KY Tsang is responsible for the overall direction and strategic planning of our Group, introduction of Board meetings and making sure that all Directors receive sufficient, complete and reliable information in a timely manner;

(v) our Directors will operate in accordance with the Articles which require the interested Director not to vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested except as permitted by the Articles;

(vi) pursuant to the Code, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our cost;

(vii) our Company will adopt a comprehensive company policies covering legal and regulatory compliance with reference to the Code; and

(viii) our Company Secretary will review and ensure the Board's policy and procedures, and all applicable rules and regulations, are complied with by each and every Director.

Our Group is expected to comply with the Code which sets out the principles of good corporate governance in relation to, among others, our Directors, our Chairman and daily operation management, Board composition, the appointment, re-election and removal of Directors, their responsibilities and

remuneration and communications with our Shareholders. Our Board will review our Company policies and practices on corporate governance from time to time. Our Group will state in our interim and annual reports whether we have complied with the Code, and will provide details of, and reasons for, any deviations from it in the corporate governance report which will be included in our annual reports.

RISK MANAGEMENT

During the Track Record Period, we assessed and managed the risks arising from our operations based on the experience of our Group's management and our professional and technical staff. Key risks relating to our business are set out in the section headed "Risk factors" in this prospectus. In order to improve our risk management and internal control system in the future, we have established the following on-going process for identifying, evaluating and managing the significant risks faced by our Group. The key procedures that we have established and implemented are summarised as follows:

- upon the identification of risks, our departmental managers will assess the likelihood and consequences of such risks, evaluate the risk level, control gaps and priorities and develop control and mitigation measures in a continuous manner;

- our senior management and managing director communicate and assess our Group's risk profile and material risks at the strategic level, report on the detailed examinations of specific risks as required and keep track on the effectiveness and efficiency of the mitigation measures taken for the identified risks;

- our Board oversees material risks where attention has to be drawn and monitors the risk management process;

- our Group's risk management will be incorporated into our strategy development, business planning, resources allocation, internal control and day-to-day operations.

Our Directors confirm that during the ordinary course of our business, we are primarily exposed to (i) regulatory risks in relation to our business; (ii) operational risk; (iii) credit risks relating to trade receivable; and (iv) market risks relating to changes in macroeconomic environment.

The following sets out the key risks for our business and the mitigating internal control procedures thereof:

Regulatory risk management

Upon the Listing, our Group may be exposed to the risks of non-compliance with the Listing Rules. We have assigned designated personnel to update the content of our Company policies at least annually and to distribute to all Directors and employees new amendments of the Listing Rules. We have appointed VMS Securities Limited as our compliance adviser to advise us on compliance issues. Our Group will also retain a legal adviser to advise us on compliance matters with the applicable Hong Kong laws and regulations.

Operational risk management

Our project management staff is responsible for maintaining the operation, assessing the operational risks and implementing our internal policies and procedures of our projects. Our project management staff visits the project sites from time to time and our project management staff will report irregularities in connection with the operation of the projects to the executive Directors and senior management for directions. Our Group emphasises ethical value and prevention of fraud and bribery.

Credit risk management

Our Group is exposed to credit risk which may cause financial loss to our Group if our counterparties failed to discharge an obligation. In order to minimise the credit risk, the payment terms of all contracts must be approved by our executive Directors. Before deciding whether to submit a quotation, our Group will consider factors such as creditworthiness of the relevant customers and the contract terms.

In addition, our executive Directors also take into account the length of business relationship, past reputation, financial strength and repayment history of each of our customers for monitor the payments. Settlement is monitored by our executive Directors and our finance & accounting department. For overdue balances, our finance & accounting department will be alerted and appropriate follow up action will be taken. When the trade receivable balances remain unsettled after the agreed credit terms, they will be classified as overdue. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our Group did not make any provision for doubtful debts relating to accounts receivables.

Market risk management

Our Group is exposed to general market risks related to changes in macroeconomic environment and movements in market variables such as gross domestic product, interest rates, and other market changes. Our executive Directors are responsible for identifying and assessing potential market risks and from time to time formulating policies to mitigate these market risk.

INTERNAL CONTROL

It is the responsibility of our Board to ensure that our Group maintains adequate, sound and effective internal controls to safeguard our Shareholders' investment and our assets at all times. In preparation of the Listing, we have engaged the Internal Control Consultant to perform a detailed evaluation of the adequacy and effectiveness of our Group's internal control system, including the areas of financial, operation, compliance and risk management. The Internal Control Consultant has performed an internal control review in March 2018.

As advised by the Internal Control Consultant, no material weaknesses and deficiencies in relation to our financial reporting and accounting system were identified but some recommendations were provided for the enhancement of our internal control system, including the (i) establishment of written financial reporting policies and procedures; (ii) establishment of a month-end closing checklist for ensuring the completeness of the month-end closing procedures; (iii) implementation of independent check on all accounting vouchers; (iv) proper maintenance of review evidence of monthly management accounts; and (v) establishment of

corporate budgeting system. A follow-up review on the status of implementation of the recommended measures was performed and as advised by the Internal Control Consultant, our Group has implemented the abovementioned recommendations.

In view of the above, our Directors believe that the internal control procedures adopted by our Group, in particular those relating to our Group's financial reporting system, are adequate and effective.

BOARD OF DIRECTORS

Our Board currently consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and for the increase or reduction of our registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles. We have entered into a service contract with each of our executive Directors. We have also entered into a letter of appointment with each of our independent non-executive Directors. The following table sets forth certain information in respect of members of our Board and senior management:

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Members of our Board						
Mr. Tsang Ka Yip (曾家葉)	65	Chairman and Executive Director	23 March 2018	October 1983	Responsible for the overall strategic planning and business development as well as executing the overall operation of our Group	Father of Mr. Jerry Tsang and Mr. Philip Tsang
Mr. Tsang Tsz Him Philip (曾梓謙)	36	Executive Director	25 June 2018	August 2012	Responsible for the overall construction projects management and daily operation of our Group	Son of Mr. KY Tsang and elder brother of Mr. Jerry Tsang
Mr. Tsang Tsz Kit Jerry (曾梓傑)	32	Executive Director	25 June 2018	March 2010	Responsible for overall administrative, information system, financial and human resources planning of our Group	Son of Mr. KY Tsang and younger brother of Mr. Philip Tsang
Dr. Lau Chi Keung (劉志強)	63	Independent non-executive Director	21 January 2019	January 2019	Supervising and providing independent advice to the Board	Nil
Mr. Chan Tim Yiu Raymond (陳添耀)	60	Independent non-executive Director	21 January 2019	January 2019	Supervising and providing independent advice to the Board	Nil
Mr. Sze Kwok Wing Nigel (施國榮)	61	Independent non-executive Director	21 January 2019	January 2019	Supervising and providing independent advice to the Board	Nil

Name	Age	Position	Date of appointment as Director	Date of joining our Group	Principal responsibilities	Relationship with other Director(s) and/or senior management
Members of our Senior Management						
Mr. Wu Wing Lun Allan (胡永倫)	41	Project Manager	–	November 2007	Management and administration of different projects in our Group	Nil
Ms. Tsang Lee Mei (曾莉梅)	49	Financial Controller and Company Secretary	–	January 2018	Financial management and compliance assurance of our Group	Nil
Ms. Hui Pik Yuet (許碧月)	46	Human Resources & Administration Manager	–	January 2015	Administrative and human resources matters of our Group	Nil
Mr. Choi Ying Tung (蔡英棟)	44	Safety & Environmental Manager	–	August 2007	Safety management of our Group	Nil
Mr. Ho Chi Ming Wilson (何志明)	56	Assistant General Manager	–	March 2017	Management and administration of different projects in our Group	Nil
Mr. Yee Fei Hung (余飛熊)	40	Quality Manager	–	January 2011	Quality assurance management of the RMAA of our Group	Nil

DIRECTORS

Executive Directors

Mr. Tsang Ka Yip (曾家葉), aged 65, was appointed as our Director on 23 March 2018 and was re-designated as our executive Director on 23 January 2019. Mr. KY Tsang is the chairman and chief executive officer of our Group, and a managing director of all our subsidiaries. He is responsible for the overall strategic planning and business development as well as executing the overall operation of our Group

Mr. KY Tsang has over 40 years of experience in civil engineering, building and construction industry. Prior to founding our Group, Mr. KY Tsang worked as a project manager in various construction contractors in Hong Kong, where he commenced his career in the engineering and construction industry. From July 1974 to August 1978, Mr. KY Tsang worked in Wong & Ouyang & Associates Architects and Engineers Hong Kong in contract section and was mainly responsible for contract administration, preparation of tender specification and tender documents. From August 1978 to October 1979, Mr. KY Tsang worked in T.K. Shen Construction Co. as a project manager and was mainly responsible for project

supervision and liaising with clients. From October 1979 to February 1982, Mr. KY Tsang worked in Leon Eng. & Const. Co. Ltd. as a project manager; and was subsequently promoted to executive director in October 1979 and was mainly responsible for project supervision. Mr. KY Tsang worked in Hing Lee Construction Co., Ltd as contract manager from March 1982 to February 1984 and was mainly responsible for contract administration, project management, site personnel management, preparation of building estimates and all works in connection with tender documents.

Mr. KY Tsang obtained Certificate of Land Surveying and Higher Certificate of Building Technology from The Hong Kong Polytechnic in July 1973 and November 1975 respectively. Mr. KY Tsang also obtained an Industrial Management Diploma from Institution of Industrial Managers in August 1983. In March 2017, Mr. KY Tsang also received a Master's Degree for Engineering Management from University of Technology, Sydney. Since October 2017, Mr. KY Tsang has been admitted as fellow of Hong Kong Institute of Construction Manager. Mr. KY Tsang is one of the controlling shareholders, and the father of Mr. Philip Tsang and Mr. Jerry Tsang.

Mr. KY Tsang was as a member of the Registered Contractors' Disciplinary Board Panel by the Housing and Land Bureau from 1999 to 2005. From 2007 to 2009, Mr. KY Tsang had also been appointed as the Vice Chairman of Building Committee of The Hong Kong Construction Association. From 2008 to 2009, Mr. KY Tsang served as the President of Rotary Club of Hong Kong Northwest. In 2013 to 2015, Mr. KY Tsang assumed the office of a Board Director of Tung Wah Group of Hospitals. Since April 2017, Mr. KY Tsang was admitted as Council Member of Hong Kong Construction Association. Since April 2017, Mr. KY Tsang has become the Vice Chairman of the Small & Medium Enterprise Committee of Hong Kong Construction Association. Since November 2016, Mr. KY Tsang held the post of an independent manager of the Incorporated Management Committee by TWGHs Tsui Tsin Tong School.

Mr. KY Tsang was a director of Hong Kong Win Soon Construction Materials Company Limited, Joyful Faith Development Limited, Wecon (China) Limited and Woon Lee Wecon JV Limited, all of which were solvent and incorporated in Hong Kong prior to their respective dissolution by deregistration by the Registrar of Companies in Hong Kong pursuant to Section 291AA (7) of the Predecessor Companies Ordinance. The following table set forth certain information in respect of the dissolved companies:–

Name of Company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution	Reasons for dissolution
Hong Kong Win Soon Construction Materials Company, Limited	Hong Kong	Joint venture of a cement factory in China	30 March 2001	Deregistration	Cessation of Business/ never commenced business
Joyful Faith Development Limited	Hong Kong	Properties investment in China	17 November 2006	Deregistration	Cessation of Business/ never commenced business
Wecon (China) Limited	Hong Kong	Properties investment in China	24 October 2008	Deregistration	Cessation of Business/ never commenced business
Woon Lee Wecon JV Limited	Hong Kong	Sub-contract of a construction project	14 December 2012	Deregistration	Cessation of Business/ never commenced business

Mr. KY Tsang has confirmed that, as at the Latest Practicable Date, no claims has been made against him and he was not aware of any threatened and potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolution of the above companies.

Mr. KY Tsang was appointed as our chairman and chief executive officer to oversee the strategic planning, operations and management of our Group. Pursuant to A.2.1 of Appendix 14 of the Listing Rules, the roles of chairman and chief executive officer should be separated and not be performed by the same individual. However, due to the nature and extent of our Group's operations and Mr. KY Tsang's in-depth knowledge and experience in the industry in which we operate and his familiarity with the operations of our Group, our Company considers that it is not preferable to find an alternative candidate to replace Mr. KY Tsang and serve in either of the positions at the stage. As such, the role of the chairman and chief executive officer of our Company are not being separated pursuant to the requirement under A.2.1 of Appendix 14 of the Listing Rules.

Mr. Tsang Tsz Him Philip (曾梓謙), aged 36, was appointed as the deputy director of Wecon Limited in August 2012. He was appointed as our Director on 25 June 2018 and was re-designated as our executive Director on 23 January 2019. He is responsible for the overall construction projects management and daily operation of our Group.

Mr. Philip Tsang joined our Group in November 2008 as a project coordinator of Wecon Limited before he left our Group in May 2010. Mr. Philip Tsang has returned to our Group since August 2012 as deputy director of Wecon Limited. Mr. Philip Tsang studied from Santa Monica College from year of 2000 to 2002 without obtaining accredited certificates. Mr. Philip Tsang is the son of Mr. KY Tsang and the elder brother of Mr. Jerry Tsang.

Mr. Philip Tsang was a director of Vision Holdings Limited which was solvent and incorporated in Hong Kong prior to its dissolution. Vision Holdings Limited principally engaged in nutrition supplement business and was dissolved by deregistration by the Registrar of Companies in Hong Kong pursuant to Section 291AA(7) of the Predecessor Companies Ordinance on 22 August 2008. Mr. Philip Tsang has confirmed that, as at the Latest Practicable Date, no claims has been made against him and he was not aware of any threatened and potential claims made against him and there are no outstanding claims and/or liabilities as a result of the dissolution of Vision Holdings Limited.

Mr. Tsang Tsz Kit Jerry (曾梓傑), aged 32, was appointed as our Director on 25 June 2018 and was re-designated as executive Director on 23 January 2019. He is responsible for the overall administrative, information system, financial and human resources planning of our Group.

Mr. Jerry Tsang joined our Group in March 2010 as an investment executive of Wecon Limited. Mr. Jerry Tsang obtained the Diploma of Commerce from Melbourne Institute of Business and Technology in March 2008 and received a degree of Bachelor of Arts (Business Enterprise) from University of Birmingham in September 2013. Mr. Jerry Tsang is the son of Mr. KY Tsang and the younger brother of Mr. Philip Tsang.

Independent non-executive Directors

Dr. Lau Chi Keung (劉志強), aged 63, was appointed as our independent non-executive Director on 21 January 2019. He is primarily responsible for providing independent advice to our Board. He is currently a director of Fong On Construction Limited, Fong On Geotechnics Limited, Po Shing Construction Limited, James Lau & Associates Limited and the executive director and chief executive officer of Shing Chi Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1741).

Dr. Lau has over 40 years of experience in engineering. Dr. Lau worked as a graduate engineer in Ho Chung, Wallace Evans & Company Limited in August 1978 with his last position held as an engineer in 1984. He was then employed by WS Atkins (Services) Limited as a group engineer with his last position held as a senior group engineer and head of the soil-structure interaction group from May 1988 to August 1994. Dr. Lau worked as an adjunct professor at The City University of Hong Kong from June 2006 to June 2012 and The Hong Kong Polytechnic University from April 2002 to March 2005. He has re-joined The Hong Kong Polytechnic University as an adjunct professor since March 2016.

Dr. Lau was admitted to memberships of the following institutions and bodies:

Name of institution	Membership grade	Month and year of approval of membership grade
The Hong Kong Institute of Arbitrators	Fellow	May 2018
The Chartered Institute of Arbitrators	Member	January 2005
The Hong Kong University of Science and Technology	Honorary Fellow	November 2002
The Hong Kong Institution of Engineers	Member/Fellow	August 1983/June 1999
The Institution of Structural Engineers	Member	November 1982
The Institution of Civil Engineers	Member	December 1982

Dr. Lau has been a registered professional engineer (civil, structural, and geotechnical) of Hong Kong Engineers Registration Board since October 1997. He has also been a registered structural engineer, an authorised person (list of engineers), a registered geotechnical engineer and a registered inspector under the Buildings Ordinance since August 1997, April 1998, May 2005 and November 2012, respectively. Dr. Lau has also been a first class registered structural engineer of the National Administration Board of Architectural Registration of the PRC since June 2000. Dr. Lau has also been an arbitrator and mediator of The Hong Kong Institution of Engineers, an accredited general mediator of Hong Kong Mediation Accreditation Association Limited and appointed as an accredited adjudicator of Hong Kong International Arbitration Centre since April 2005, July 2017 and 2015, respectively.

In July 1978, Dr. Lau received the Bachelor of Science (Civil & Structural Engineering) from University College Cardiff (currently known as Cardiff University). In December 1985 and May 1989, Dr. Lau further obtained a Master's Degree and a Doctorate Degree in soil mechanics at the University of Cambridge.

Dr. Lau was a director of the following companies prior to their respective dissolution:

Name of Company	Place of incorporation	Date of Incorporation	Principal business activity prior to cessation of business	Date of Dissolution	Reasons for dissolution
Fong On Construction & Engineering Company Limited ("**FOCE**")	Hong Kong	29 March 1989	Foundation, alteration and addition works and superstructure works	In progress	compulsory winding-up *(Note 1)*
Fong On Building Contractor Limited ("**FOBC**")	Hong Kong	18 September 1998	Alteration and addition works	3 May 2007	compulsory winding-up *(Note 1)*
Fong On Medical Company Limited ("**FOMC**")	Hong Kong	8 July 1993	Sales of medical equipment	20 December 2006	voluntary winding-up under section 240 of Predecessor Companies Ordinance *(Note 1)*
Mannix Consultancy Limited	Hong Kong	8 June 1990	Sales of software	20 October 2006	striking off *(Note 2)*
Shanon Construction Company Limited	Hong Kong	18 May 1998	Building contractor	1 March 2002	deregistered *(Note 3)*
Double Helix Books Limited	Hong Kong	30 May 2003	Sales of Books	23 March 2007	deregistered

Notes:

1. FOCE, FOBC and FOMC encountered financial difficulty and became insolvent. FOCE appointed a provisional liquidator and filed a winding-up petition with the Court in October 2003 and a winding up order was granted in December 2003. As at the Latest Practicable Date, the liquidation of FOCE was still in progress. FOBC and FOMC were wound up and dissolved by compulsory winding-up proceedings upon creditor's petition and by creditor's voluntary liquidation in May 2007 and December 2006, respectively.

2. Under section 291 of the Predecessor Companies Ordinance, the Registrar of Companies in Hong Kong can strike off a defunct company from the register of companies.

3. Shanon Construction Company Limited and Double Helix Books Limited were deregistered under section 291AA of the Predecessor Companies Ordinance.

Save for FOCE, FOBC and FOMC, Dr. Lau confirmed that the above companies were solvent immediately prior to their dissolutions. Dr. Lau further confirmed that there was no wrongful act on his part leading to the winding-up or dissolutions of the above companies and he is not aware of any actual or potential claim that has been or will be in the above companies were part and parcel of his services as a director of the said companies and that no misconduct or misfeasance had been involved in the winding-up, striking off or dissolutions of the said companies.

Mr. Chan Tim Yiu Raymond (陳添耀), aged 60, was appointed as our independent non-executive Director on 21 January 2019. He is primarily responsible for providing independent advice to our Board.

As a practicing solicitor, Mr. Chan has over 33 years of experience in the legal profession. Mr. Chan was awarded the Bachelor of Laws from University of Birmingham in July 1982 and passed the Solicitors' Final Examination organised by The Law Society of England and Wales in November 1983. Mr. Chan then joined Johnson Stokes & Master (currently known as Mayer Brown) as a trainee solicitor and was subsequently promoted as an assistant solicitor and a partner before he left the firm in 1995. In 1996, Mr. Chan formed the practice Raymond T.Y. Chan, Victoria Chan & Co. and has been a partner since then.

Mr. Chan was admitted as a solicitor of Hong Kong in 1985 and admitted as a solicitor of England and Wales and a barrister and solicitor of the Supreme Court of Australia Capital Territory in April 1989 and August 1990, respectively. In August 1990, he was also admitted as an advocate and solicitor of Singapore.

Mr. Sze Kwok Wing Nigel (施國榮), aged 61, was appointed as our independent non-executive Director on 21 January 2019. He is primarily responsible for providing independent advice to our Board. He is currently a director of J&J Investments Limited and an independent non-executive director of Pacific Textiles Holdings Limited, which is a company listed in Hong Kong (Stock Code: 1382).

Mr. Sze has over 38 years of experience in business and administrative management. Mr. Sze worked as an internal auditor in Ford Motor Company from 1980 to 1982. From 1982 to 1985, he worked as an assistant finance manager in National Mutual. He then joined CITIBANK N.A. as a group financial controller (private banking, Asia Pacific) from 1986 to 1989 and was subsequently promoted as business head marketing (island central zone – Hong Kong) before he left CITIBANK N.A. in 1993. From 1993 to 1995, he worked as a head of private banking (Hong Kong booking centre) at American Express Bank. He then joined Morgan Stanley Asia Ltd as an executive director (private client sales department – Hong Kong & Taiwan) from 1995 to 2001. From 2001 to 2007, he worked as a chief executive officer (global wealth management, private banking, Asia Pacific) at Barclays Bank Plc. From 2007 to 2009, he re-joined CITIBANK N.A. as an investment and product head (global wealth management, Asia Pacific). He then jointed EFG International Group as a deputy chief executive officer (EFG Bank, Asia Pacific) in 2009 and was subsequently promoted as a chief executive officer (EFG Asset Management, Asia Pacific) before he left the group in 2013. From 2014 to 2015, he joined Julius Baer as a managing director and country head (China and Hong Kong).

Mr. Sze has been admitted as a fellow of CPA Australia since January 2007 and was licensed as a responsible officer for conducting type 9 regulated activities by the Securities and Futures Commission of Hong Kong since September 2017.

In May 1980, Mr. Sze received the Bachelor of Business Studies from Swinburne University (formerly known as Swinburne College of Technology), Australia. In August 2007, he obtained a Master's Degree in Business from University of Newcastle, Australia.

Mr. Sze was a director of the following companies prior to their respective dissolutions by deregistration by the Registrar of Companies in Hong Kong pursuant to section 291AA(7) of the Predecessor Companies Ordinance:

Name of Company	Place of incorporation	Date of Incorporation	Principal business activity prior to cessation of business	Date of dissolution	Reasons for dissolution
Barclaytrust Nominees (Hong Kong) Limited	Hong Kong	22 August 1991	Nominee Holding	6 August 2004	deregistered
Natural Land Limited	Hong Kong	5 December 1996	Property Holding	15 May 2009	deregistered
Regent & Associates Limited	Hong Kong	5 December 1996	Property Holding	21 November 2008	deregistered

Mr. Sze confirmed that the above companies were solvent immediately prior to their dissolutions. Mr. Sze further confirmed that there was no wrongful act on his part leading to the winding-up or dissolutions of the above companies and he is not aware of any actual or potential claim that has been or will be in the above companies were part and parcel of his services as a director of the said companies and that no misconduct or misfeasance had been involved in the winding-up or dissolutions of the said companies.

Save as disclosed above, each of our Directors had not held any directorship in the last three years in any public company the securities of which is listed on any securities market in Hong Kong or overseas.

Save as disclosed above, each of our Directors confirms with respect to him that: (a) he did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (b) he did not have any relationship with any other Directors, senior management, substantial shareholder or controlling shareholder of our Company as at the Latest Practicable Date; (c) he does not have any interests in our Shares within the meaning of Part XV of the SFO, save as disclosed in the paragraph headed "C. Further information about our Directors and Substantial Shareholders – Disclosure of Interests" in Appendix IV to this prospectus; (d) he does not have any interest in any business which competes or is likely to compete, directly or indirectly, with us, which is discloseable under the Listing Rules; and (e) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Wu Wing Lun Allan (胡永倫), aged 41, is the project manager of Wecon Limited and a member of the senior management of our Group. He joined our Group in November 2007 and is mainly responsible for the management and administration of different projects in our Group.

Mr. Wu has over 17 years of experience in civil engineering, building and construction industry. Prior to joining our Group, Mr. Wu mainly worked as structural engineer and project manager in various structural consulting firms and construction contractors in Hong Kong, where he commenced his career in the engineering and construction industry. From 2000 to 2001, Mr. Wu worked in Shun Shing Construction Co. Ltd. as an assistant site engineer. From 2001 to 2004, Mr. Wu worked in Canwest Consultants (International) Ltd. as an engineer; and from 2004 to 2007, Mr. Wu worked in Realfit Engineering Ltd. as an assistant project manager and was mainly responsible for assisting the project manager in monitoring project operations, planning and site coordinating work.

Mr. Wu obtained a Bachelor of Engineering from McMaster University Canada in November 2000 and a Certificate of Engineering Graduate Training Scheme from Vocational Training Council of Hong Kong in January 2003. Mr. Wu has also obtained a Master's Degree in Civil Infrastructure Engineering and Management from The Hong Kong University of Science and Technology in November 2004. In November 2014, Mr. Wu was admitted as the Authorised Signatory by the Register of General Building Contractors in Buildings Department. In September 2015, Mr. Wu was admitted as a member of the Hong Kong Institute of Construction Managers. Mr. Wu has also obtained a Certificate of Building Environmental Assessment Method Professional (New Buildings) from Hong Kong Green Building Council in May 2017.

Ms. Tsang Lee Mei (曾莉梅), aged 49, is the financial controller of Wecon Limited and company secretary of our Company. She joined our Group in January 2018 as financial controller and is primarily responsible for financial management and compliance assurance of our Group.

Ms. Tsang has over 24 years of experience in accounting. Prior to joining our Group, Ms. Tsang mainly provides accounting and auditing service in Hong Kong, where she commenced her career in the accounting and auditing industry. From 1988 to 1994, Ms. Tsang worked in Respironics (HK) Limited as accounts clerk, and was subsequently promoted to the position of senior accounts clerk and department head of accounting in 1990 and 1992 respectively. From 1996 to 1997, Ms. Tsang worked in Y.L. Ngan & Company CPA as audit trainee. From 1997 to 1998, Ms. Tsang worked in K.L. Lee & Co. CPA as Audit Junior. From 1999 to 2006, Ms. Tsang joined Kwong Ming Engineering Limited as finance manager. From 2006 to 2016, Ms. Tsang worked in Mobicon Holdings Limited as finance manager; and from 2016 to 2018, Ms. Tsang worked in K.H. Foundation Limited as assistant finance manager and was mainly responsible for providing assistance to financial controller in respect of accounting and finance services.

Ms. Tsang obtained a Bachelor Degree in Combined Studies – Accounting from De Monfort University, Leicester, the United Kingdom in June 1996 and a Bachelor Degree in Professional Accounting from Dongbei University of Finance and Economics of the PRC in May 2004. In November 2007, Ms. Tsang was awarded the degree of Master of Science and Finance by City University of Hong Kong. Since October 1994, Ms. Tsang has been admitted as member of the Association of Accounting Technicians. Since May 1999, Ms. Tsang has also been admitted as an Accountant by Hong Kong Institute of Certified Public Accountants (HKICPA). She has also become fellow of The Association of Chartered Certified Accountants (ACCA) since May 2004.

Ms. Hui Pik Yuet (許碧月), aged 46, is the human resources and administration manager of Wecon Limited and a member of the senior management of our Group. She joined our Group in January 2015 and is mainly responsible for administrative and human resources matters of our Group.

Ms. Hui has over 20 years of experience in business administration, human resources and company secretarial matters. Prior to joining our Group, Ms. Hui mainly worked as human resources officer and manager in various companies in Hong Kong, where she started her career in the human resources and administration industry. From 1998 to 1999, Ms. Hui worked in Pruton Prudential Hotel as personnel and training assistant. From 1999 to 2002, Ms. Hui worked in China Harbour Engineering Company (Group) Limited as a human resources officer. From 2002 to 2003, Ms. Hui worked in WorldCard (Hong Kong) Limited as administration and marketing executive; from 2003 to 2005, Ms. Hui worked in Fountain Set (Holdings) Limited as a human resources officer; and from June 2005 to April 2008, Ms. Hui worked in China Resources Insurance Consultants Limited as human resources and administration manager; from April 2008 to December 2014, Ms. Hui worked in CRE Properties (Hong Kong) Limited as human resources and administration manager and was subsequently transferred to China Resources Investment Enterprise Ltd. as human resources and administration manager and was then transferred to the personnel and administration department in China Resources Insurance Consultants Limited as human resources and administration manager and was mainly responsible for human resources and administrative matter.

Ms. Hui obtained a Bachelor Degree in Bachelon of Arts from The Chinese University of Hong Kong in December 1997. Ms. Hui also obtained a Diploma in Management Studies from Lingnan University/The Hong Kong Management Association in September 2001.

Mr. Choi Ying Tung (蔡英棟), aged 44, is the safety and environmental manager of Wecon Limited and a member of the senior management of our Group. He joined our Group in August 2007 and is mainly responsible for safety and environmental management of our Group.

Mr. Choi has over 21 years of experience in civil engineering, buildings and construction industry. Prior to joining our Group, Mr. Choi mainly worked as safety officer in various construction companies in Hong Kong, where he started his career in the construction industry. From 1997 to 1999, Mr. Choi worked in Far East Consulting Engineers Ltd. as an assistant engineer. From 1999 to 2001, Mr. Choi worked in Chevalier (Construction) Company Ltd as a technical assistant. From 2001 to 2004, Mr. Choi worked in Hip Hing Construction Co., Ltd as a safety officer; and from November 2004 to August 2007, Mr. Choi worked in Union Glory E&M Engineering Ltd. as a project engineer and safety officer.

Mr. Choi obtained certificate in Hong Kong Advanced Level Examination in 1995 and a Higher Diploma in Building Services Engineering from The Hong Kong Polytechnic University in 1997. In November 2001, Mr. Choi obtained Post-experience Certificate in Industrial Safety from The Hong Kong Polytechnic University. Mr. Choi also obtained a Certificate for the completion of the training in Location of Underground Electricity Cables from The Hong Kong Polytechnic University in July 2004. In February 2005, Mr. Choi completed Safety Auditor Training Schemes provided by The Hong Kong Productivity Council and James Safety Consultant Limited. In 2008, Mr. Choi obtained a Bachelor Degree in Engineering Mechanics, Materials and Design from the Hong Kong Open University. In August 2012, Mr. Choi obtained the Professional Certificate in Environmental Management for Construction (Environmental officer) from Vacation Training Council.

In March 2011, Mr. Choi was admitted as Registered Electrical Worker (permitted work: B0 and H0 categories) by Electrical and Mechanical Services Department. Mr. Choi was admitted as Registered Safety Officer and Registered Safety Auditor by the Labour Department in August 2002. In August 2012 and January 2009 respectively, Mr. Choi was awarded the Professional Certificate in Environmental

Management of Construction (Environmental Officer) by the Vocation Training Centre. Mr. Choi was awarded a certificate of Building Environmental Assessment Method Professional (New Buildings) since November 2017 by The Hong Kong Green Building Council.

Mr. Ho Chi Ming, Wilson (何志明), aged 56, is the Assistant General Manager of Wecon Limited and a member of the senior management of our Group. He joined our Group in March 2017 and is mainly responsible for management and administration of different projects in our Group.

Mr. Ho has over 34 years of experience in buildings and construction industry. Prior to joining our Group, Mr. Ho mainly worked as project manager in various construction companies in Hong Kong, where he started his career in the construction industry. From 1984 to 1987, Mr. Ho worked in Yeu Shing Construction Co., Ltd. as a site agent. From 1987 to 1994, Mr. Ho worked in Yau Lee Construction Co., Ltd as a site agent/senior quantity surveyor. From 1994 to 1996, Mr. Ho worked in Hoi Sing Construction Co., Ltd as Senior Project Manager. From 1996 to 1997, Mr. Ho worked in Wan Chung Construction Co., Ltd as a senior project manager. From 1997 to 2000, Mr. Ho worked in Dynasty Building Ltd. as a manager. From 2000 to 2002, Mr. Ho worked in Gammon Skanska Ltd. as a site agent and from 2002 to February 2017, Mr. Ho worked in Able Engineering Co., Ltd as a project manager.

In September 2005, Mr. Ho obtained a Bachelor Degree of Applied Science in Construction Management and Economics from Curtin University of Technology.

In August 2005, Mr. Ho was also admitted as a member of The Chartered Institute of Building. Mr. Ho was admitted as Chartered Construction Manager by The Chartered Institute of Building in September 2014.

Mr. Yee Fei Hung (余飛熊), aged 40, is the Quality Manager of Wecon Limited and a member of the senior management of our Group. He joined our Group in January 2011 and is mainly responsible for quality assurance and management of our Group.

Mr. Yee has over 17 years of experience in engineering, buildings and construction industry. Prior to joining our Group, Mr. Yee mainly worked as site supervisor in various construction companies in Hong Kong, where he started his career in the construction industry. From 2001 to 2008, Mr. Yee worked in Hsin Chong Construction Group Limited as an assistant site supervisor. From 2008 to 2009, Mr. Yee worked in B.S.C. Interior Contract and Engineering Co. Limited as a site supervisor and from 2009 to 2010, Mr. Yee worked in Shui On Building Contractors Limited as a site agent.

Mr. Yee obtained a Higher Certificate in Building Studies from Hong Kong Institute of Vocational Education in July 2005. In May 2015, Mr. Yee also obtained a Bachelor of Science (Hons) in Building Surveying from City University of Birmingham of the United Kingdom.

Save as disclosed above, each member of the senior management of our Group had not held any directorship in the last three years in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Ms. Tsang Lee Mei (曾莉梅) is the company secretary of our Group. She is also a member of our senior management. For her biographical details, please refer to the paragraph headed "Senior Management" in this section.

BOARD COMMITTEES

Audit committee

We established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code pursuant to a resolution of our Directors passed on 21 January 2019. The primary duties of our audit committee are, among other things, to make recommendations to our Board on the appointment, reappointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting, oversee our financial reporting process, internal control, risk management systems and audit process, and perform other duties and responsibilities assigned by our Board.

At present, our audit committee comprises Dr. Lau Chi Keung, Mr. Sze Kwok Wing Nigel and Mr. Chan Tim Yiu Raymond, all being independent non-executive Directors. The chairman of our audit committee is Mr. Sze Kwok Wing Nigel, who holds the appropriate professional qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration committee

We established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the Corporate Governance Code pursuant to a resolution of our Directors passed on 21 January 2019. The primary duties of our remuneration committee are to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and senior management and ensure none of our Directors determines his own remuneration.

At present, our remuneration committee comprises Mr. KY Tsang, Mr. Sze Kwok Wing Nigel and Mr. Chan Tim Yiu Raymond. Mr. Chan Tim Yiu Raymond is the chairman of our remuneration committee.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

Nomination committee

We established a nomination committee with written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code pursuant to a resolution of our Directors passed on 21 January 2019. The primary duties of our nomination committee are to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, our nomination committee comprises Mr. KY Tsang, Mr. Sze Kwok Wing Nigel and Dr. Lau Chi Keung. Dr. Lau Chi Keung is the chairman of our nomination committee.

BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy which sets out the approach of which our Board could achieve a higher level of diversity. Our company recognizes the benefits of having a diversified Board. In summary, our board diversity sets out that when considering the nomination and appointment of a director, with the assistance of the Nomination Committee, our Board would consider a number of factors, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and diversity of prospective that the candidate is expected to bring to our Board and what would be the candidate's potential contributions, in order to better serves the needs and development of our Company. Our board diversity policy also seeks to attract, retain and motivate our Directors and other staff from the widest pool of available talent. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

COMPLIANCE ADVISER

We have appointed VMS Securities Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the term commencing on the Listing Date and ending on the date on which we distribute our annual report in respect of our financial results for the second full financial year commencing after the Listing Date.

Pursuant to Rule 3A.23 of the Listing Rules, we shall seek advice from our compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate to a material extent from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Our Company is committed to the view that the Board should include a balanced composition of executive, non-executive and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Our Board includes three executive Directors and three independent non-executive Directors. We believe our independent non-executive Directors possess sufficient experience as directors and members of the audit committee of listed companies in Hong Kong, which will provide our Board the benefit of their skills, expertise and varied backgrounds and qualifications to complement our corporate development. Each of them will also serve as members of our audit committee and will be responsible for overseeing our financial reporting system, risk management and internal control systems. Furthermore, they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Our Directors are of the view that our present Board composition has a balance of skills, experience and diversity of perspectives which is appropriate to our business.

Our Board assumes the responsibility for overseeing the overall management and strategic planning of our Group through directing and supervising our affairs. Our Directors (including our independent non-executive Directors) will be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities. Directors may make further enquiries for more information and have separate and independent access to our senior management and operational staff. There is also procedure in place to enable our Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at our expense, to assist them perform their duties to our Company.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, the aggregate emoluments paid and benefits in kind granted by us to our Directors, namely Mr. KY Tsang, Mr. Philip Tsang and Mr. Jerry Tsang, were approximately HK$2.5 million, HK$2.8 million and HK$3.0 million, respectively.

During the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, the aggregate of contributions to pension schemes for our Directors, namely Mr. KY Tsang, Mr. Philip Tsang and Mr. Jerry Tsang, were approximately HK$179,766, HK$190,983 and HK$215,783, respectively.

During the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, the aggregate of bonuses paid to or receivable by our Directors which are discretionary or are based on our Company's, our Group's or any members of our Group's performance were approximately nil, nil and nil, respectively.

For the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, the aggregate remuneration including basic salaries, allowance, other benefits and contribution to retirement benefit scheme, paid to the five highest paid individuals (including our Directors) by our Group was approximately HK$6.9 million, HK$6.7 million and HK$7.9 million, respectively.

Save as disclosed above, no other emoluments have been paid, or are payable, by us to our Directors and the five highest paid individuals during the Track Record Period.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the financial year ending 31 March 2019 will be approximately HK$0.9 million. Following the Listing, our remuneration committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which any of our Directors waived or agreed to waive any remuneration during the Track Record Period.

During the Track Record Period, Ms. Lai Yuk Lin Eliza, the spouse of Mr. KY Tsang, was the director of Wecon Limited and WCE. Ms. Lai Yuk Lin Eliza was responsible for assisting Mr. KY Tsang in the management of Wecon Limited and WCE, with responsibilities including the reviewing of books and accounts, certifying submissions to the Building Department, performing cash management and treasury functions such as signing company cheques and operating bank accounts. For the years ended 31 March 2016, 31 March 2017 and 31 March 2018, the total director's emolument paid to Ms. Lai Yuk Lin Eliza was HK$2.4 million, HK$2.5 million and HK$2.6 million, respectively, out of which (i) HK$1.6 million, HK$1.6 million and HK$1.7 million was in-kind housing allowance, and (ii) HK$0.8 million, HK$0.9 million and HK$0.9 million was salary payment and employer's contributions to pension scheme, respectively. The in-kind housing allowance was made for the rental payment and outgoings of the directors' quarter at Flat A, 23/F, Kennedy Heights, No. 10-18 Kennedy Road, Mid-Levels, Hong Kong, which was jointly used by Mr. KY Tsang and Mr. Jerry Tsang.

For additional information on our Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to the Accountants' Report set out in Appendix I to this prospectus.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme, pursuant to which, among others, the directors and employees of our Group may be granted options to subscribe for Shares.

The principal terms of the Share Option Scheme are summarised in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus.

OVERVIEW

Immediately upon the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme), our Company will be held as to 75% by Mr. KY Tsang through Triple Arch. For more information relating to Mr. KY Tsang, please refer to the section headed "Directors and Senior Management – Directors" in this prospectus. On 15 February 2018, Triple Arch, an investment holding company, was incorporated in the BVI with limited liability and, as at the Latest Practicable Date, Mr. KY Tsang beneficially owned one share in Triple Arch, representing its entire issued share capital. For further information relating to Triple Arch, please refer to the section headed "History, Reorganisation and Corporate Structure" in this prospectus. Since Mr. KY Tsang wholly-owned the entire issued share capital in Triple Arch, which in turn will beneficially own 75% of our issued share capital after the Capitalisation Issue and the Share Offer, Mr. KY Tsang and Triple Arch will continue to control more than 30% of the total number of issued Shares and will be a group of Controlling Shareholders after the Capitalisation Issue and the Share Offer.

Apart from our business relating to building construction services and RMAA works services in Hong Kong, our Controlling Shareholders and their associates are currently operating other business (the "**Excluded Business**") such as property investment and security trading through a number of companies controlled by them and these companies will not form part of our Group after Listing.

The table below sets forth the details of each of the companies operating the Excluded Business which our Controlling Shareholders and their close associates are interested in as at the Latest Practicable Date and are excluded from our Group (the "**Excluded Group**"):

Name	Place of incorporation	Beneficial Shareholders	Directors	Principal business
Wecon Investment Limited	Hong Kong	1. Mr. KY Tsang (83.33%) 2. Ms. Lai Yuk Lin Eliza *(Note 1)* (16.67%)	Mr. KY Tsang, Ms. Lai Yuk Lin Eliza and Mr. Jerry Tsang	Investment holding
Richill Properties	Hong Kong	1. Mr. KY Tsang (50%) 2. Ms. Lai Yuk Lin Eliza *(Note 1)* (50%)	Mr. KY Tsang, Ms. Lai Yuk Lin Eliza and Mr. Jerry Tsang	Securities investment and trading
WCML	Hong Kong	Mr. KY Tsang (100%)	Mr. KY Tsang, Ms. Lai Yuk Lin Eliza and Mr. Jerry Tsang	Securities trading and properties investment
Well Master Development Limited	Hong Kong	1. Wecon Investment Limited (8%) *(Note 2)*	Mr. KY Tsang, Mr. Tsang Man Chung, Mr. Yu Cheuk Yi, Mr. Lau Chi Wing James, Mr. Chan Lap Wai Gary	Properties development *(Note 3)*

Notes:

1. Ms. Lai Yuk Lin Eliza is the spouse of Mr. KY Tsang;

2. The remaining shareholders of Well Master Development Limited are Independent Third Parties of Mr. KY Tsang and our Group;

3. The interest in Well Master Development Limited was the personal investment of Mr. KY Tsang and Ms. Lai Yuk Lin Eliza. During the Track Record Period and up to the Latest Practicable Date, there has been no business relationship between our Group and Well Master Development Limited.

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

DELINEATION OF BUSINESS

Operations of our Group are independent and separate from the business operated by the Excluded Group. Our Directors are of the view that there is a clear delineation between the Excluded Business and our business, as a result of which none of the Excluded Business would compete, or is expected to compete, directly or indirectly, with our core business. The Excluded Business was not injected into our Group as our Directors are of the view that such business neither forms part of our core business nor is in line with our strategy to maintain our position as one of the leading general building main contractors in Hong Kong.

Excluded Group companies principally engage in the business of properties investment, security investment and property development, whereas our Group principally engages in the building construction services and RMAA works services, and thus the nature of business between the Excluded Group and our Group is different and can be clearly differentiated. Unlike our Group, the Excluded Group are not General Building Contractors registered with the Buildings Department, or contractor under the Contractor List for Public Works maintained by the WBDB. Given that the Excluded Group is not eligible to tender for any public works contract and maintenance works from the Buildings Department, our Directors are of the view that the business carried on by the Excluded Group will not have any direct or indirect competition with our business. In addition to the Excluded Group, Multiland and Top World, being the investment vehicles of Mr. KY Tsang, will also be excluded from our Group after the Reorganisation. In particular, Multiland and Top World are companies which principally engage in the business of investment holding, including the direct and indirect holding of WCML, a company which principally engages in securities trading and properties investment. Same as the Excluded Group, as the business nature of Multiland and Top World is completely different from that of our Group, they were not intended to become part of our Group.

RULE 8.10 OF THE LISTING RULES

Each of our Directors, our Controlling Shareholders, our substantial shareholders and their respective close associates does not have any interest in any business apart from our Group's business which competes or may compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after Listing based on the following reasons:

Management Independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. The main function of our Board includes the approval of our overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Group.

Our Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transaction and shall not be counted in the quorum.

We have an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies. Our Directors are satisfied that our senior management team will be able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates after Listing.

Operational Independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers/subcontractors/vendors, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates.

Further, we hold all relevant licences necessary to carry on businesses and have sufficient capital, equipment and employees to operate our businesses independently. We have also established various internal control procedures to facilitate the effective operation of our business.

Our Directors confirmed that our Group will not enter into any transaction with our connected persons and their respective close associates after Listing that will affect our operational independence. Our Directors are of the view there is no operational dependence on our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has our own accounting systems, accounting and finance personnel, independent treasury function for cash receipts and payment and we make financial decisions according to our own business needs. Our accounting and finance personnel are responsible for financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns. During the Track Record Period, Mr. KY Tsang, being our Controlling Shareholder, Mr. Jerry Tsang, being the close associates of Mr. KY Tsang, had provided personal guarantees in respect of certain credit facilities provided by Bank of China (Hong Kong) Limited, the Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited. We have obtained consents from the relevant financial institutions that such personal guarantees will be released upon Listing.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders as covenantors (each a "**Covenantor**", collectively, the "**Covenantors**") executed the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries).

1. Non-competition

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be listed on Main Board; (ii) the date on which the Covenantors cease to be a Controlling Shareholder; or (iii) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of our Company:

He/It will not, and will use his/its best endeavours to procure any Covenantor, his/its close associates (collectively, the "**Controlled Person(s)**") and any company(ies) directly or indirectly controlled by the Covenantor (the "**Controlled Company(ies)**") not to, either on his/its own or in conjunction with any person, body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, for profit or not, among other things, carry on, participate in, hold, engage in, be interested in, acquire or operate (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise), or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business or activity which, directly or indirectly, competes or may compete with the business carried on or contemplated to be carried on by our Company or any of our subsidiaries in Hong Kong and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the business of (i) building construction services and (ii) RMAA works services (the "**Restricted Business**").

The Deed of Non-Competition does not apply if the Controlled Person(s) and Controlled Company in aggregate own any interest not exceeding five per cent. of the issued shares in any company conducting any Restricted Business (the "**Relevant Company**"), and the Relevant Company is listed on any recognised stock exchange (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of our subsidiaries, provided that (i) the shareholding of any one holder (and his/its close associate, if applicable) in the Relevant Company is more than that of the Controlled Person(s) and the Controlled Company in aggregate at any time; (ii) the total number of the relevant Covenantors' representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his/its shareholding in the Relevant Company; and (iii) the Covenantors and/or their respective close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of the Relevant Company or otherwise participate in or be involved in the management of the Relevant Company.

2. New business opportunity

If any Covenantor and/or any Controlled Company is offered or becomes aware of any business opportunity which directly or indirectly engages in or owns a Restricted Business (the "**New Business Opportunity**"):

(a) he/it shall within 10 days notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable us to make an informed assessment of such opportunity; and

(b) he/it shall not, and shall procure that his/its Controlled Persons or Controlled Company not to, invest or participate in any project and New Business Opportunity, unless such project or New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/its Controlled Persons or Controlled Company invest or participate in are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the "**Non-acceptance Notice**"); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

Pursuant to the Deed of Non-Competition, any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless his/her attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not be counted towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity.

Our Board (including our independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor or Controlled Company or whether or not the New Business Opportunity constitutes competition with the Restricted

Business and such decisions will be made by our Board (including our independent non-executive Directors). The factors that will be taken into consideration by our Board in making the decision include whether it is in line with the overall interests of our Shareholders.

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, each of the Covenantors jointly and severally, unconditionally and irrevocably undertakes that he/it will:

(a) in case of any actual or potential conflict of interest, abstain from attending and voting at any meeting or part of any meeting convened to consider any New Business Opportunity (unless their attendance is specifically requested by our non-interested Directors), and shall not be counted towards the quorum for such meeting;

(b) as required by our Company, provide all information necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;

(c) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it and, where applicable, the reason(s) why any New Business Opportunity referred to our Company by our Controlling Shareholders was not taken up;

(d) disclose the decision(s) and related basis on matters reviewed by the independent non-executive Directors in relation to our Company's compliance with the Deed of Non-Competition and ensure that our independent non-executive Directors shall make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the Listing Rules; and

(e) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify our Company and/or its subsidiaries against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Stock Exchange granting the listing of, and the permission to deal in, the Shares, as described in this prospectus, and (b) Listing and dealings in the Shares on Main Board taking place.

The Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or may compete with the business of our Group.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme), the following persons will have interests or short positions in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name	**Capacity/ nature of interest**	**Number of Shares held in our Company immediately prior to completion of the Capitalisation Issue and the Share Offer** *(Note 1)*	**Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer**
Triple Arch *(Note 2)*	Beneficial owner	600,000,000 (L)	75%
Mr. KY Tsang *(Note 2 and 3)*	Interest in a controlled corporation	600,000,000 (L)	75%
Ms. Lai Yuk Lin, Eliza *(Note 3)*	Interest of spouse	600,000,000 (L)	75%

Note:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 600,000,000 Shares by Triple Arch immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme). Triple Arch is wholly-owned by Mr. KY Tsang. Under the SFO, Mr. KY Tsang is deemed to be interested in the same number of Shares held by Triple Arch.

3. Ms. Lai Yuk Lin, Eliza is the spouse of Mr. KY Tsang. Under the SFO, Ms. Lai Yuk Lin, Eliza is deemed to be interested in the same number of Shares which Mr. KY Tsang is interested.

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme), have interests or short positions in the Shares or the underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares

of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SIGNIFICANT SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme), be entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of our Company.

SHARE CAPITAL

Without taking into account the options that may be granted under the Share Option Scheme, the share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer will be as follows:

		HK$
Authorised:		
5,000,000,000	Shares of HK$0.01 each	50,000,000.00
Issued or to be issued, fully paid or credited as fully paid:		
105	Share in issue as at the Latest Practicable Date	1.05
599,999,895	Shares to be issued pursuant to the Capitalisation Issue	5,999,998.95
200,000,000	Shares to be issued pursuant to the Share Offer	2,000,000
800,000,000	Shares	8,000,000.00

ASSUMPTIONS

The above tables assume that the Share Offer becomes unconditional and the Shares are issued pursuant to the Share Offer. It takes no account of any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares will rank pari passu in all respects with all Shares currently in issue or to be allotted and issued and will qualify for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus save for the entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. A summary of its principal terms is set out in the sub-section headed "D. Share Option Scheme" in Appendix IV to this prospectus.

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares in the share capital of our Company with the total number of issued shares of not more than the sum of:

(1) 20% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and

(2) the total number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or on the exercise of any option which may be granted under the Share Option Scheme.

This general mandate will remain in effect until the earliest of:

(i) the conclusion of our Company's next annual general meeting; or

(ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Please refer to "A. Further information about our Group – 5. Written resolutions of our sole Shareholder passed on 21 January 2019" in Appendix IV to this prospectus for further details of this general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with a total number of Shares of not more than 10% of the total number of Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "A. Further information about our Company – 6. Repurchases of the Shares" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will remain in effect until the earliest of:

(i) the conclusion of our Company's next annual general meeting; or

(ii) the expiry of the period within which our Company is required by any applicable laws or its articles of association to hold its next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

Please refer to "A. Further information about our Company – 5. Written resolutions of our sole Shareholder passed on 21 January 2019" in Appendix IV to this prospectus for further details on this general mandate.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the paragraph headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix III to this prospectus.

*You should read this section in conjunction with our combined financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. Our Company's combined financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.*

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Company in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Company believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Company's expectations and projections will depend on a number of risks and uncertainties over which our Company does not have control. For further information, you should refer to the section "Risk factors" in this prospectus.

OVERVIEW

We are a long-established main contractor in Hong Kong and principally engage in the provision of (i) building construction services; and (ii) RMAA works services. We provide services to customers in both the private and public sectors. Our building construction services primarily consist of building works for new buildings, including residential, commercial and industrial buildings, while our RMAA works services include the general upkeep, maintenance, improvement, refurbishment and addition of existing facilities and components of buildings and their surroundings.

We normally secure our projects through a tendering process. For projects from customers in the private sector, we are generally invited by the customers by way of invitation letters to tender for a potential project. As for projects from customers in the public sector, we identify the potential projects (i) through reviewing tender invitations that are published on various platforms including the Gazette; and (ii) by way of invitation letters from certain quasi-Government organisations such as the Social Welfare Department and the Housing Authority.

Our role as a main contractor generally includes the (i) overall project management and implementation of projects awarded to us, (ii) engineering design and technical submission, (iii) procurement of major construction materials for provision of our building construction services, (iv) coordination with the architect engineers and design consultants of our customers; and (v) coordination and supervision of the works carried out by our subcontractors. We also monitor our subcontractors' compliance to our occupational health and safety management system and environmental management system so as to ensure that we conform to the contractual specifications and/or drawings and that projects are completed on time, within budget and in accordance with the relevant laws and regulations.

For each of the three years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018, our total revenue amounted to approximately HK$422.3 million, HK$722.1 million, HK$980.8 million, HK$281.2 million and HK$339.7 million, respectively. Our profit attributable to equity

holders for the same period was approximately HK$20.2 million, HK$31.8 million, HK$41.4 million, HK$14.8 million and HK$3.5 million, respectively. As at the Latest Practicable Date, the revenue expected to be derived from our seven projects in backlog amounted to approximately HK$1,936.8 million.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

The major factors affecting our business, financial condition and results of operations are set out below.

(i) Our performance is dependent on market conditions and trends in the construction industry in Hong Kong.

Our business operations are principally located in Hong Kong during the Track Record Period. The future growth and level of profitability of the construction industry in Hong Kong depend on the market conditions, the general conditions and prospects of Hong Kong's economy. The future growth of the building construction works and RMAA works industry in Hong Kong may be affected by a variety of factors including the Government's policies on public rental housing units and subsidised housing units, the land supply for private residential and commercial properties, the number of aged buildings, the Government's schemes implementation for the enhancement of building safety, and the availability of terms contracts of maintenance works. If there is any adverse change in the land supply and public housing policy of Hong Kong, the demand for building construction works and RMAA works in Hong Kong may deteriorate and our operations and profitability may be materially and adversely affected.

(ii) Pricing of our projects

Our ability to compete for and continually secure sizeable and profitable construction contracts is one of the major factors affecting our growth and future profitability. All of our revenue during the Track Record Period is derived from our projects obtained by means of tender. Our Group adopts an estimated project costs plus profit margin pricing policy in determining our tender price. Given the keen competition of the construction industry, we have to ensure that we have set a competitive tender price for our project while maintaining adequate profit margin. During the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018, the gross profit margins of our business amounted to approximately 10.1%, 7.8%, 7.9%, 8.6% and 6.1% respectively. In the event that we are unable to strike a balance between pricing our projects competitively and maintaining an adequate profit margin or price our tenders accurately, our financial performance and results of operations will be affected.

Our customers may issue instructions ordering variation to the design, quality or quantity of the works in the course of our performance of the relevant contracts. Where the work for variation is not similar in character to work prescribed in the contract, we estimate the costs of each variation order and may negotiate with our customers for charge of additional costs incurred. As such, disagreements with our customers may arise in respect of the fees, costs and scope of the variation works. Where our customers and our Group fail to reach an agreement on the price at which the variation works are performed, our customers are entitled to fix the price which is, in their opinion, reasonable. Contractual disputes with our customers may arise if we do not agree with such price, and in such event our results of operations and financial position may be adversely affected.

The following sensitivity analysis illustrates the impact of hypothetical changes of revenue on our profit before taxation for the years ended 31 March 2016, 2017 and 2018 and for the four months ended 31 July 2017 and 2018, respectively:

	Impact on profit before taxation For the years ended 31 March			**Four months ended 31 July**	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue fees change by:					
+20%	84,464	144,415	196,166	56,248	67,942
+10%	42,232	72,208	98,083	28,124	33,971
+5%	21,116	36,104	49,041	14,062	16,985
-5%	(21,116)	(36,104)	(49,041)	(14,062)	(16,985)
-10%	(42,232)	(72,208)	(98,083)	(28,124)	(33,971)
-20%	(84,464)	(144,415)	(196,166)	(56,248)	(67,942)

Note:

The sensitivity analysis above assumes that only one variable changes while other variables remain unchanged. This sensitivity analysis is intended for reference only, and any variation may differ from the amounts indicated.

(iii) Our financial performance is subject to fluctuations in costs of sales include subcontracting cost, direct staff costs, site overhead and materials costs.

Our cost of sales include (i) subcontracting costs; (ii) direct staff costs; (iii) site overhead; and (iv) materials costs. During the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018, subcontracting costs constituted the largest component of our cost of sales, amounting to approximately 82.3%, 81.5%, 86.9%, 83.1% and 83.1%, respectively, of our total cost of sales. Our Group adopts a cost-plus pricing model for setting our tender price. For the purpose of preparing the tender price, we may obtain preliminary quotations from our subcontractors in order to have a more accurate estimation for the project cost to be involved. However, the actual subcontracting costs will not be determined until after we have entered into agreements with our subcontractors, which generally take place subsequent to our Group having entered into the construction agreement with our customer. Our profitability therefore relies heavily on our ability to control and manage our subcontracting costs. Any fluctuations in the subcontracting costs after tendering and our ability to include an appropriate cost estimate in the tender will have an impact on our profitability.

Our materials costs consist mainly of costs of concrete and reinforcing steel bar required for our projects. If there are changes in the price of construction materials, our results of operations and financial condition may be affected. For each of the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018, our cost of materials were approximately HK$14.2 million, HK$49.4 million, HK$42.3 million, HK$10.8 million and HK$28.8 million, respectively, representing approximately 3.7%, 7.4%, 4.7%, 4.2% and 9.0%, respectively, of our total cost of sales.

We prepare our tenders or quotations based on our estimates and available information, taking into consideration the deployment of our resources including our subcontracting costs to carry out our works and services, costs of raw materials and labour, as well as the operational difficulties and length of the relevant projects. Significant variations in the size of our projects may affect our allocation of resources and business performance. In the event that we fail to allocate our resources efficiently, or should there be any cost overruns or underestimates, we may suffer losses. In addition, our tender or quotation may carry inherent risks, including risks of losses from underestimating costs and unforeseen complexity in operating projects and other circumstances or incidents that may occur during the contract period which may cause project costs to rise unexpectedly. In the event that we are unable to perform our contracted works with acceptable profit margins, our profitability may be adversely affected.

(iv) Our performance may be affected by competition in the markets in which we operate.

We operate in Hong Kong. Our competitors are mainly local companies in Hong Kong. We compete with numerous local companies and expect to face competitions from both local and international market participants in the future. Failure to maintain or enhance our competitiveness through pricing and/or technical expertise within the construction industry and in the event that we are unable to secure profitable contracts may result in a reduction of profit, which may adversely affect our financial performance.

(v) Timing of collection of our trade receivables and retention receivables

Our customers are generally entitled to hold up a portion of progress payment to secure the due performance of our Group. During the Track Record Period, public and private customers generally hold up to a maximum of 5% of the awarded contract sum as retention money. Our liaison with our customers on the rectification of any defects with contract works and potential dispute that may arise will affect the timing and amount of the release of the retention money. There can be no assurance that such retention money will be released by our customers to us on a timely basis and in full upon expiry of the defect liability period.

In addition, we generally allow a credit period of 30 days to our customers. In the event that we are unable to recover payments from our customers to us on time and in full, our liquidity and financial position may be adversely and materially impacted.

BASIS OF PRESENTATION

Our Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 23 March 2018. Before the completion of the Reorganisation, Triple Arch was wholly owned by Mr. KY Tsang. In preparation of the Listing, the companies comprising our Group underwent the Reorganisation, further details of which are explained in the section headed "History and Development – Reorganisation" to this prospectus.

Pursuant to the completion of Reorganisation, on 21 December 2018, our Company has become the holding company of the companies now comprising our Group. Our Group comprising our Company and our subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the combined financial statements have been prepared as if the Reorganisation has been completed at the beginning of the Track Record Period.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Periods include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, namely Mr. KY Tsang, where this is a shorter period. The combined statements of financial position of our Group as at 31 March 2016, 2017 and 2018 and as at 31 July 2018 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

EFFECTS OF THE NEW AND AMENDMENTS TO HKFRS TO OUR GROUP

Adoption of HKFRS 9 and HKFRS 15

Our historical combined financial information has been prepared based on our underlying financial statements, in which HKFRS 9 "Financial instruments" ("**HKFRS 9**") and HKFRS 15 "Revenue from contracts with customers" ("**HKFRS 15**") have been adopted. We have applied HKFRS 9 and HKFRS 15 consistently since the beginning of, and throughout, the Track Record Period, such that our historical combined financial information prepared under HKFRS 9 and HKFRS 15 is comparable on a period-to-period basis. We have assessed the effects of application of HKFRS 9 and HKFRS 15 on our financial position and performance, our Directors consider that the application of HKFRS 9 and HKFRS 15 did not have significant impact on our financial position and performance compared to the requirements of HKAS 18 and HKAS 39 during the Track Record Period.

Construction contracts

During the Track Record Period, where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured based on the surveys of work performed to date relative to the estimated total contract revenue (the "**Output Method**"). The management of our Group considers that such method is more representable of the stage of completion of contract activity after taking into account the actual installation status of materials and measures reliably the work performed by our Group. The percentage that contract costs incurred for work performed to date relative to the estimated total contract costs (the "**Input Method**") was not adopted by our Group in measuring the percentage of completion of the construction contracts during the Track Record Period. Based on our analysis, the management of our Group consider that adoption of the Input Method in measuring the percentage of completion of construction contracts would not significantly affect the timing of the revenue recognition of our Group from the initial adoption of HKFRS 15.

CRITICAL ACCOUNTING POLICIES

Note 3 of the Accountant's Report in Appendix I to this prospectus sets out a summary of significant accounting policies, such as the following:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable based on the consideration specified in a contract with a customer for the services in the ordinary course of our Group's activities. Revenue is shown, net of discounts. Revenue is recognised when our Group satisfies a performance obligation by transferring a promised goods or services (that is an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset; and when specific criteria have been met for each of our Group's activities on the following bases:

(a) Revenue from construction contracts and RMAA revenues are recognised when or as the control of the asset is transferred to the customer.

Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if our Group's performance:

(i) provides all of the benefits received and consumed simultaneously by the customer; or

(ii) creates and enhances an asset that the customer controls as our Group performs; or

(iii) do not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on direct measurements of the value of individual services transferred by our Group to the customer, such as surveys of work performed, or contract milestones.

For the RMAA services under term contracts where the control of the property is transferred at a point in time, revenue is recognised when our Group has present right to payment and the collection of the consideration is probable.

For construction contracts and other RMAA services, our Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced and thus our Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the work certified incurred up to the end of the reporting period as a percentage of total contract value for each contract.

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(c) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

Our Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of our Group in an independently administered fund. Our Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Fair value measurement

Our Group classifies its unlisted investment funds at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Our Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, our Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Contract assets

Upon entering into a contract with a customer, our Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. A contract asset is recognised when our Group has the right to consideration in exchange for goods or services

that our Group has transferred to a customer when that right is conditional on something other than the passage of time (for example, our Group's future performance). A contract asset becomes a trade receivable when receipt of the consideration is conditional only on the passage of time.

The contract assets relate to unbilled work in progress and have substantially the same characteristics as the trade receivables for the same type of contracts. The impairment policy for financial assets as explained above also applies to contract assets.

Financial assets

Financial assets are initially recognised on the trade date, that is, the date that our Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial recognition and classification of financial assets

The classification of financial assets at initial recognition depends on their contractual cash flow characteristics and the business model for managing the instruments. Financial assets are classified as measured at amortised cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI") (either with recycling to profit or loss for debt instruments or without recycling to profit or loss for equity investments). On initial recognition, our Group measures a financial asset (unless it is a trade receivable without a significant financial component that is initially measured at the transaction price) at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets carried at FVTPL are recognised in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated as at FVTPL:

- They are held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, our Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. These include all derivative financial assets and equity investments that are held for trading. On initial recognition, our Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking.

Subsequent measurement

Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Except for derivatives designated as hedging instruments, changes in fair value are recognised as net gains or losses in profit or loss. Interest and dividend income are recognised as other income in profit or loss.

Financial assets at amortised cost

These financial assets (including loans and receivables) are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate ("EIR").

Debt investments at FVOCI

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as other income in profit or loss when our Group's right to receive payments is established unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income and cannot be subsequently reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is held for trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value with net gains or losses, including interest expenses, recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by our Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, our Group measures the financial guarantee contract at the higher of: (i) an ECL (as defined in Appendix I); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Reclassification of financial assets and liabilities

Our Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which our Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. Our Group did not reclassify any of its financial assets or liabilities during the Track Record Periods.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from our Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- our Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) our Group has transferred substantially all the risks and rewards of the asset, or (b) our Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When our Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, our Group continues to recognise the transferred asset to the extent of our Group's continuing involvement. In that case, our Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that our Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that our Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified and the cash flows of the modified liability are substantially different, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference between the respective carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets

HKFRS 9 requires our Group to record an allowance for expected credit losses ("**ECL**") financial assets measured at amortised cost, debt instruments measured at FVOCI and contract assets as defined in HKFRS 15.

The ECL allowance is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that our Group expects to receive. The shortfall is then discounted at an approximation to the asset's original EIR and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

For all contract assets (defined below) and trade receivables, our Group has applied HKFRS 9's simplified approach and has calculated ECLs based on lifetime expected credit losses. Our Group has established a provision matrix that is based on our Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other financial assets are assessed for impairment based on 12-month expected credit losses: 12-month ECLs are the portion of lifetime ECLs that result from default events that are possible within the 12 months after the end of each Track Record Periods (or a shorter period if the expected life of the asset is less than 12 months).

Our Group considers a financial asset in default when the contractual payment day is more than 1.5 years past due. As the customers of our Group are mainly well-known property developers, the Government and quasi-Government organisations and there was no history of default in prior years, the directors of the Company considered the default rate is minimal. However, in certain cases, our Group may also consider a financial asset to be in default when internal or external information indicates that our Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by our Group.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying our Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Claims to customers

Claims are amounts that our Group seeks to collect from the customers as reimbursement for costs not included in the contract price. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations. Therefore, judgement is made to determine whether it is probable that the customers will accept the claims and estimate the amount of claims to be accepted by the customers in order to recognise such claims as contract revenue.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment assessment for receivables and contract assets

The policy for impairment of receivables and contract assets of our Group is based on the evaluation of collectibility and aging analysis of receivables and contract assets as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. Significant judgement and estimates is required in assessing the ultimate realisation of these receivables, based on the current creditworthiness, the past collection history and subsequent settlements of each customer. If the financial conditions of customers of our Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required. Further details are disclosed in note 16 to the financial statements.

Revenue recognition

Our Group has primary responsibility for fulfilment of the contract, quality and warranty of the overall work and has discretion in selecting subcontractors and determining the pricing for subcontractors. Thus, our Group is acting as the principal and recognises revenue on a gross basis. The determination of the progress of the construction service involves judgements. Our Group recognises revenue based on progress confirmation from customers. The confirmation reflects the progress towards complete satisfaction of the performance obligation, which is measured based on direct measurements of the value of units delivered or surveys of work performed. The customers will provide final statement when the whole project is completed and may have adjustments on accumulated confirmation according to the actual engineering quantity till the day of completion. In addition, when determining the transaction price, our Group considers factors such as whether there is any financing component. Our Group considers whether the payment schedule is commensurate with our Group's performance and whether the delayed payment is for finance purposes. Our Group has, therefore, recognised revenue on progress confirmation over the period during which the service is rendered and transferred to customers.

RESULTS OF OPERATIONS

The table below sets out our Group's combined statements of profit or loss and other comprehensive income for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018. This information is derived and should be read in conjunction with the combined financial information contained in the Accountants' Report set forth in Appendix I to this prospectus.

	For the year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Revenue	422,319	722,075	980,828	281,239	339,709
Cost of sales	(379,764)	(665,747)	(903,536)	(256,954)	(318,930)
Gross profit	42,555	56,328	77,292	24,285	20,779
Other income and gains	5,014	6,926	5,849	2,140	1,015
Loss on disposal of other financial assets at amortised cost	–	–	(317)	–	–
Administrative expenses	(23,473)	(24,628)	(32,277)	(8,554)	(16,755)
Finance costs	(383)	(512)	(244)	(139)	(244)
Profit before taxation	23,713	38,114	50,303	17,732	4,795
Income tax	(3,505)	(6,296)	(8,896)	(2,954)	(1,302)
Profit and total comprehensive income for the year/period attributable to equity holder of the Company	20,208	31,818	41,407	14,778	3,493

DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF FINANCIAL POSITION

Revenue

During the Track Record Period, our Group's revenue was principally generated from the provision of building construction services and RMAA works services in Hong Kong. Revenue derived from these principal activities comprises of the following:

	For the year ended 31 March						Four months ended 31 July			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(unaudited)			
Building construction services	207,665	49.2	463,701	64.2	817,664	83.4	216,746	77.1	276,377	81.4
RMAA works services	214,654	50.8	258,374	35.8	163,164	16.6	64,493	22.9	63,332	18.6
Total	422,319	100.0	722,075	100.0	980,828	100.0	281,239	100.0	339,709	100.0

Building construction services

Our revenue generated from the building construction services amounted to approximately HK$207.7 million, HK$463.7 million, HK$817.7 million, HK$216.7 million and HK$276.4 million for each of the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018, respectively,

representing approximately 49.2%, 64.2%, 83.4%, 77.1% and 81.4% of our total revenue for the corresponding year, respectively. Set out below is the breakdown of revenue from building construction services by projects during the Track Record Period:

	For the year ended 31 March						Four months ended 31 July			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Projects										
Building construction										
The Kowloon Bay Project	9,483	4.6	–	–	–	–	–	–	–	–
The Conduit Road Project	68,424	32.9	22,015	4.7	6,862	0.8	6,862	3.2	–	–
The Argyle Street Project	64,880	31.2	7,007	1.5	3,915	0.5	–	–	–	–
The Queen's Road Central Project	36,736	17.7	203,084	43.8	52,885	6.5	15,500	7.2	3,069	1.1
The Shau Kei Wan Project	15,936	7.7	142,714	30.8	167,331	20.5	69,480	32.1	6,335	2.3
The Electric Road Project *(Note)*	12,206	5.9	(554)	(0.1)	(2,466)	(0.3)	–	–	–	–
The Fanling Project	–	–	52,347	11.3	287,593	35.1	51,114	23.5	115,534	41.9
The Victory Avenue Project	–	–	37,088	8.0	183,728	22.5	66,813	30.8	36,302	13.1
The Kwun Tong Project	–	–	–	–	108,174	13.2	6,977	3.2	51,167	18.5
The Kwai Chung Project	–	–	–	–	9,642	1.2	–	–	59,001	21.3
The Sham Shui Po Project	–	–	–	–	–	–	–	–	4,969	1.8
Total	207,665	100	463,701	100	817,664	100	216,746	100	276,377	100

Note:

The negative figures were due to (i) the variation orders reassessed by the quantity surveyor of our customer for this project during the year ended 31 March 2017, which is lower than the amount of variation orders recognised for the year ended 31 March 2016; and (ii) most of the revenue for this project had been recognised during or before the year ended 31 March 2016 due to the fact that the project was practically completed on 17 March 2015 with all outstanding works completed on around 31 March 2016. Such variation orders re-assessment did not only apply to our works as a main contractor but also to the works of the nominated subcontractors. The revenue recognised for the year ended 31 March 2018 was reduced after the variation orders re-assessment which is evident on the relevant interim payment certificates. Our Directors consider that the discrepancies of revenue recognition was due to the different standard adopted by the new quantity surveyor in-charge of the customer in assessing the variation orders which is not in line with the standard adopted by the initial quantity surveyor or in-charge of the customer.

Four months ended 31 July 2018 compared to four months ended 31 July 2017

Our revenue from building construction services increased by approximately HK$59.7 million or 27.5% from approximately HK$216.7 million for the four months ended 31 July 2017 to approximately HK$276.4 million for the four months ended 31 July 2018, which was mainly due to the increase in revenue

generated by the Fanling Project, the Kwun Tong Project and the Kwai Chung Project during the four months ended 31 July 2018. Such increase was mainly due to the increase of construction works performed by us.

Year ended 31 March 2018 compared to year ended 31 March 2017

Our revenue from building construction services increased by approximately HK$354.0 million or 76.3% from approximately HK$463.7 million for the year ended 31 March 2017 to approximately HK$817.7 million for the year ended 31 March 2018, which was mainly due to the increase in revenue generated by the Fanling Project, the Victory Avenue Project and the Kwun Tong Project and such increase was partially offset by the decrease in revenue generated from the Queen's Road Central Project. The increase in revenue generated by the Fanling Project, the Victory Avenue Project and the Kwun Tong Project during the year ended 31 March 2018 was mainly due to the increase of construction works performed by us. The decrease in revenue generated from the Queen's Road Central Project was mainly due to the decrease of construction works performed by us as most of our works were completed during the year ended 31 March 2017.

Year ended 31 March 2017 compared to year ended 31 March 2016

Our revenue from building construction services increased by approximately HK$256.0 million or 123.3% from approximately HK$207.7 million for the year ended 31 March 2016 to approximately HK$463.7 million for the year ended 31 March 2017, which was mainly due to the increase in revenue generated by the Queen's Road Central Project and the Shau Kei Wan Project during the year ended 31 March 2017 and such increase was partially offset by the decrease in revenue generated from the Conduit Road Project and the Argyle Street Project. The increase in revenue generated by the Queen's Road Central Project and the Shau Kei Wan Project during the year ended 31 March 2017 was mainly due to the increase of construction works performed by us. The decrease in revenue generated from the Conduit Road Project and the Argyle Street Project was mainly due to the decrease of construction works performed by us as most of our works were completed prior to the Track Record Period and during the year ended 31 March 2016.

RMAA works services

Our revenue generated from the RMAA works services amounted to approximately HK$214.7 million, HK$258.4 million, HK$163.2 million, HK$64.5 million and HK$63.3 million for each of the three years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018, representing

approximately 50.8%, 35.8%, 16.6%, 22.9% and 18.6% of our total revenue for the corresponding year, respectively. Set out below is the breakdown of revenue from RMAA works by projects during the Track Record Period:

	For the year ended 31 March						Four months ended 31 July			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Projects										
RMAA works										
The Tsui Man Court Project	–	–	8,374	3.2	5,277	3.2	3,011	4.7	–	–
The DTC (1) Project	107,144	49.9	132,368	51.2	45,984	28.2	35,422	54.9	2,619	4.1
The DTC (2) Project	91,485	42.6	97,797	37.9	23,943	14.7	13,041	20.2	9,520	15.0
The DTC (3) Project	–	–	–	–	73,242	44.9	10,895	16.9	42,242	66.7
Others *(Note)*	16,025	7.5	19,835	7.7	14,718	9.0	2,124	3.3	8,951	14.2
Total	214,654	100.0	258,374	100.0	163,164	100.0	64,493	100.0	63,332	100.0

Note: Others include the North District Project, the Kowloon District Project, and other minor RMAA works.

Four months ended 31 July 2018 compared to four months ended 31 July 2017

Our revenue from RMAA works services remained relatively stable for the four months ended 31 July 2017 and 2018.

Year ended 31 March 2018 compared to year ended 31 March 2017

Our revenue from RMAA works services decreased by approximately HK$95.2 million or 36.8% from approximately HK$258.4 million for the year ended 31 March 2017 to approximately HK$163.2 million for the year ended 31 March 2018, which was mainly due to the decrease in revenue from the DTC (1) Project and the DTC (2) Project, which was partially offset by the increase in revenue generated from the DTC (3) Project. The decrease in revenue generated from the DTC (1) Project and the DTC (2) Project was mainly due to both projects having expired in March 2017. The increase in revenue of the DTC (3) Project was due to the commencement of the DTC (3) Project in April 2017.

Year ended 31 March 2017 compared to year ended 31 March 2016

Our revenue from RMAA works services increased by approximately HK$43.7 million or 20.4% from approximately HK$214.7 million for the year ended 31 March 2016 to approximately HK$258.4 million for the year ended 31 March 2017, which was mainly due to the increase in revenue generated from the DTC (1) Project, the Tsui Man Court Project and the DTC (2) Project. The increase in revenue generated from the DTC (1) Project, the Tsui Man Court Project and the DTC (2) Project during the year ended 31 March 2017 was primarily due to (i) the increase in work orders of the DTC (1) Project; (ii) the commencement of the Tsui Man Court Project in September 2016; and (iii) the increase in work orders of the DTC (2) Project.

Cost of sales

Our cost of sales primarily represent costs directly associated with the provision of our building construction services and RMAA works services. The table below sets forth a breakdown of our cost of sales by nature and percentage contribution to total cost of sales for the periods indicated:

	For the year ended 31 March						Four months ended 31 July			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(unaudited)			
Subcontracting costs	312,573	82.3	542,591	81.5	785,315	86.9	213,470	83.1	264,847	83.1
Direct staff costs	31,045	8.2	49,214	7.4	48,699	5.4	19,837	7.7	16,398	5.1
Site overhead	21,930	5.8	24,518	3.7	27,236	3.0	12,821	5.0	8,929	2.8
Materials costs	14,216	3.7	49,424	7.4	42,286	4.7	10,826	4.2	28,756	9.0
Total	379,764	100.0	665,747	100.0	903,536	100.0	256,954	100.0	318,930	100.0

Subcontracting costs

As a main contractor, we engage our subcontractors to perform a substantial portion of works of our projects, therefore, the amount of subcontracting works is generally in line with the amount of building construction works and/or RMAA works performed by us. Being the largest component of our cost of sales during the Track Record Period, subcontracting costs represent services costs we paid to our subcontractors for various services. During the Track Record Period, the subcontracting costs amounted to approximately HK$312.6 million, HK$542.6 million, HK$785.3 million, HK$213.5 million and HK$264.8 million, representing approximately 82.3%, 81.5%, 86.9%, 83.1% and 83.1% of our cost of sales, respectively, for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018.

The increase in subcontracting costs from approximately HK$213.5 million for the four months ended 31 July 2017 to approximately HK$264.8 million for the four months ended 31 July 2018, representing an increase of approximately HK$51.3 million or 24.0%. The increase in subcontracting costs during the four months ended 31 July 2018 was primarily due to the increase in subcontracting works for the Fanling Project and the Kwun Tong Project during the four months ended 31 July 2018. Such subcontracting works included (i) curtain wall works; (ii) interior fitting-out works; and (iii) mechanical ventilation and air conditioning installations. Such increase was partially offset by the decrease in the subcontracting costs for the Shau Kei Wan Project, which was mainly due to most of our works for the Shau Kei Wan Project were completed during the four months ended 31 July 2018.

The increase in subcontracting costs from approximately HK$542.6 million for the year ended 31 March 2017 to approximately HK$785.3 million for the year ended 31 March 2018, representing an increase of approximately HK$242.7 million or 44.7%. The increase in subcontracting costs during the year ended 31 March 2018 was primarily due to the increase in subcontracting works for the Fanling Project, the Victory Avenue Project and the Kwun Tong Project during the year ended 31 March 2018. Such subcontracting works included (i) curtain wall works; (ii) interior fitting-out works; and (iii) tower crane operation. Such

increase was partially offset by the decrease in the subcontracting costs derived from the Queen's Road Central Project, which was mainly due to most of our works for the Queen's Road Central Project were completed during the year ended 31 March 2017.

The increase in subcontracting costs from approximately HK$312.6 million for the year ended 31 March 2016 to approximately HK$542.6 million for the year ended 31 March 2017, representing an increase of approximately HK$230.0 million or 73.6%, was primarily due to the increase in subcontracting costs derived from the Queen's Road Central Project and the Shau Kei Wan Project during the year ended 31 March 2017 which was mainly due to the increase of works performed by us for both projects.

Direct staff costs

Direct staff costs primarily include the salaries, wages and other benefits provided for our workers such as site agents, safety officers and foreman who are directly involved in the building construction services. During the Track Record Period, the direct staff costs amounted to approximately HK$31.0 million, HK$49.2 million, HK$48.7 million, HK$19.8 million and HK$16.4 million, respectively, for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018.

The decrease in direct staff costs from approximately HK$19.8 million for the four months ended 31 July 2017 to approximately HK$16.4 million for the four months ended 31 July 2018, representing a decrease of approximately HK$3.4 million or 17.2%, which was primarily due to the decrease in the number of direct staff.

The direct staff costs were relatively stable for the years ended 31 March 2017 and 2018.

The increase in direct staff costs from approximately HK$31.0 million for the year ended 31 March 2016 to approximately HK$49.2 million for the year ended 31 March 2017, representing an increase of approximately HK$18.2 million or 58.5%, was primarily due to the increase in the number of direct staff.

Site overhead

Site overhead primarily include, but not limited to, (i) insurance expenses for contractors' all risks insurance and employees' compensation insurance; (ii) costs of miscellaneous site expenditure such as hiring of plant and machinery and establishment of temporary site offices; and (iii) others such as parts and consumables, electricity and water, transportation and dumping charges. During the Track Record Period, the site overhead amounted to approximately HK$21.9 million, HK$24.5 million, HK$27.2 million, HK$12.8 million and HK$8.9 million, respectively, for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018.

The decrease in site overhead from approximately HK$12.8 million for the four months ended 31 July 2017 to approximately HK$8.9 million for the four months ended 31 July 2018, representing a decrease of approximately HK$3.9 million or 30.5%, which was primarily due to the decrease in contract insurance costs and testing fees.

The increase in site overhead from approximately HK$24.5 million for the year ended 31 March 2017 to approximately HK$27.2 million for the year ended 31 March 2018, representing an increase of approximately HK$2.7 million or 11.1%, which was primarily due to the increase in transportation costs and contract insurance costs.

The increase in site overhead from approximately HK$21.9 million for the year ended 31 March 2016 to approximately HK$24.5 million for the year ended 31 March 2017, representing an increase of approximately HK$2.6 million or 11.8%, which was primarily due to the increase in tools and accessories costs.

Materials costs

Materials costs primarily include costs of procuring materials such as concrete and reinforcing steel bar for construction projects. During the Track Record Period, the materials costs amounted to approximately HK$14.2 million, HK$49.4 million, HK$42.3 million, HK$10.8 million and HK$28.8 million, respectively, for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018.

The increase in materials costs from approximately HK$10.8 million for the four months ended 31 July 2017 to approximately HK$28.8 million for the four months ended 31 July 2018, representing an increase of approximately HK$18.0 million or 166.7%, which was primarily due to the increase in the materials cost derived from the Kwai Chung Project. The increase in the materials costs derived from the Kwai Chung Project was mainly due to the commencement of the Kwai Chung Project in March 2018, of which relatively higher amount of materials was consumed at the early stage of the project.

The decrease in materials costs from approximately HK$49.4 million for the year ended 31 March 2017 to approximately HK$42.3 million for the year ended 31 March 2018, representing a decrease of approximately HK$7.1 million or 14.4%, was primarily due to the decrease in the materials costs derived from the Queen's Road Central Project and the Shau Kei Wan Project, which was partially offset by the increase in materials costs derived from the Kwun Tong Project and the Fanling Project. The decrease in the materials costs derived from the Queen's Road Central Project was mainly due to most of the materials costs incurred during the year ended 31 March 2016 and prior to the Track Record Period. The decrease in the materials costs derived from the Shau Kei Wan Project was mainly due to certain materials used in the Shau Kei Wan Project for the year ended 31 March 2018 was directly provided by the subcontractor, of which the amount of materials purchased by us decreased for year ended 31 March 2018. The increase in the materials costs incurred for the Kwun Tong Project and the Fanling Project was due to (i) the Kwun Tong Project commenced in March 2017; and (ii) the Fanling Project commenced in September 2016, of which relatively higher amount of materials was consumed at the early stage of the projects.

The increase in materials costs from approximately HK$14.2 million for the year ended 31 March 2016 to approximately HK$49.4 million for the year ended 31 March 2017, representing an increase of approximately HK$35.2 million or 247.9%, was primarily due to (i) the increase of works performed by us for the Shau Kei Wan Project; and (ii) the commencement of the Fanling Project commenced in September 2016, of which relatively higher amount of materials was consumed at the early stage of the project.

Sensitivity analysis

The following sensitivity analysis illustrates the impact of hypothetical changes in the subcontractors costs, direct staff costs, site overhead and materials costs for the respective periods during the Track Record Period:

	Impact on profit before taxation				
	for the year ended 31 March			for the four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Subcontracting costs change by:					
+15%	(46,886)	(81,389)	(117,797)	(32,021)	(39,727)
+10%	(31,257)	(54,259)	(78,532)	(21,347)	(26,485)
+5%	(15,629)	(27,130)	(39,266)	(10,674)	(13,242)
-5%	15,629	27,130	39,266	10,674	13,242
-10%	31,257	54,259	78,532	21,347	26,485
-15%	46,886	81,389	117,797	32,021	39,727

	Impact on profit before taxation				
	for the year ended 31 March			for the four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Direct staff costs change by:					
+15%	(4,657)	(7,382)	(7,305)	(2,976)	(2,460)
+10%	(3,105)	(4,921)	(4,870)	(1,984)	(1,640)
+5%	(1,552)	(2,461)	(2,435)	(992)	(820)
-5%	1,552	2,461	2,435	992	820
-10%	3,105	4,921	4,870	1,984	1,640
-15%	4,657	7,382	7,305	2,976	2,460

	Impact on profit before taxation				
	for the year ended 31 March			for the four months ended 31 July	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Site overhead change by:					
+15%	(3,290)	(3,678)	(4,085)	(1,923)	(1,339)
+10%	(2,193)	(2,452)	(2,724)	(1,282)	(893)
+5%	(1,097)	(1,226)	(1,362)	(641)	(446)
-5%	1,097	1,226	1,362	641	446
-10%	2,193	2,452	2,724	1,282	893
-15%	3,290	3,678	4,085	1,923	1,339

	Impact on profit before taxation				
	for the year ended 31 March			for the four months ended 31 July	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Materials costs change by:					
+15%	(2,132)	(7,414)	(6,343)	(1,624)	(4,313)
+10%	(1,422)	(4,942)	(4,229)	(1,083)	(2,876)
+5%	(711)	(2,471)	(2,114)	(541)	(1,438)
-5%	711	2,471	2,114	541	1,438
-10%	1,422	4,942	4,229	1,083	2,876
-15%	2,132	7,414	6,343	1,624	4,313

Note:

The sensitivity analysis above assumes that only one variable changes while other variables remain unchanged. This sensitivity analysis is intended for reference only, and any variation may differ from the amounts indicated. Investors should note in particular that this sensitivity analysis is not intended to be exhaustive and is limited to the impact of changes in subcontracting costs, direct staff costs, site overhead, materials costs, respectively, and does not reflect changes in our revenue.

Gross profit and gross profit margin

The following table sets forth our gross profits and gross profit margins by type of services for the periods indicated.

	For the year ended 31 March						Four months ended 31 July			
	2016		2017		2018		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Building construction services	12,612	6.1	27,104	5.8	52,274	6.4	13,215	6.1	15,337	5.5
RMAA works services	29,943	13.9	29,224	11.3	25,018	15.3	11,070	17.2	5,442	8.6
Total	42,555	10.1	56,328	7.8	77,292	7.9	24,285	8.6	20,779	6.1

During the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018, our gross profit was approximately HK$42.6 million, HK$56.3 million, HK$77.3 million HK$24.3 million and HK$20.8 million, respectively; our gross profit margin was approximately 10.1%, 7.8%, 7.9%, 8.6% and 6.1%, respectively.

Building construction services

The decrease in gross profit margin from approximately 6.1% recorded in the four months ended 31 July 2017 to approximately 5.5% recorded in the four months ended 31 July 2018, which was mainly attributable to a significant portion of our revenue contributed by the Fanling Project which had relatively lower gross profit margin for the four months ended 31 July 2018.

The increase in gross profit margin from approximately 5.8% recorded in the year ended 31 March 2017 to approximately 6.4% recorded in the year ended 31 March 2018, which was mainly attributable to the increase in the variation orders of the Fanling Project and the Victory Avenue Project and such variation orders had relatively higher gross profit margins.

The gross profit margin decreased from approximately 6.1% recorded in the year ended 31 March 2016 to approximately 5.8% recorded in the year ended 31 March 2017 was mainly attributable to a significant portion of our revenue contributed by the Fanling Project and the Victory Avenue Project which had relatively lower gross profit margins for the year ended 31 March 2017.

RMAA works services

The decrease in gross profit margin from approximately 17.2% recorded in the four months ended 31 July 2017 to approximately 8.6% recorded in the four months ended 31 July 2018, which was mainly attributable to the relatively lower gross profit margin of the DTC (3) Project, as a result of the higher subcontracting cost for gases and electrical installation.

The increase in gross profit margin from approximately 11.3% recorded in the year ended 31 March 2017 to approximately 15.3% recorded in the year ended 31 March 2018, which was mainly attributable to the increase in gross profit margin of the DTC (1) Project which was mainly due to decrease in site overhead costs during the year ended 31 March 2018. The contract period of the DTC (1) Project commenced on 30 June 2014 and expired on 31 March 2017. During the contract period, the Housing Authority placed work orders for which the works fell beyond the end of the contract period. Therefore, our Group recognised revenue for the DTC (1) Project during the year ended 31 March 2018 for the works performed after the contract period end date of 31 March 2017. After the expiry of the contract period, our Group withdrew most of the contract items such as provision of construction manager, quality manager, site agent and other human resources as required under the DTC (1) Project, and resulted in the decrease in the site overhead costs and thus the increase in gross profit margin for the DTC (1) Project in the year ended 31 March 2018.

The gross profit margin decreased from approximately 13.9% recorded in the year ended 31 March 2016 to approximately 11.3% recorded in the year ended 31 March 2017, which was mainly attributable to the decrease in gross profit margin of the DTC (2) Project due to the increase of direct labour cost as the Housing Authority requested us to allocate additional labours to the project site.

Other income and gains

Other income and gains represent (i) dividend income; (ii) exchange gain; (iii) fair value gains on other financial assets at fair value through profit or loss; (iv) interest income; (v) rental income; and (vi) sundry income. The following table sets forth the breakdown of other income and gains during the Track Record Period:

	For the year ended 31 March						Four months ended 31 July			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
							(unaudited)			
Dividend income from other financial assets at fair value through profit or loss										
– Related to investments derecognised during the year/period	–	–	–	–	656	11.2	–	–	–	–
– Related to investments held at end of the year/period	–	–	605	8.7	–	–	252	11.8	–	–
Exchange gain	–	–	–	–	1,698	29.0	274	12.8	–	–
Fair value gains on other financial assets at fair value through profit or loss	–	–	12	0.2	–	–	–	–	–	–
Interest income from other financial assets at amortised cost	870	17.4	855	12.3	399	6.8	–	–	–	–
Interest income arising from loans to subcontractors and bank deposits	3,489	69.6	4,268	61.6	2,498	42.7	1,268	59.3	817	80.5
Rental income	36	0.7	36	0.5	24	0.4	–	–	6	0.6
Sundry income	619	12.3	1,150	16.7	574	9.9	346	16.1	192	18.9
Total	5,014	100.0	6,926	100.0	5,849	100.0	2,140	100.0	1,015	100.0

Exchange gain

The exchange gain increased from nil for the year ended 31 March 2017 to approximately HK$1.7 million for the year ended 31 March 2018 was mainly due to the exchange gain from our pledged deposit that was denominated in RMB as a result of the appreciation of RMB against HKD.

Interest income arising from loans to subcontractors and bank deposits

The interest income arising from loans to subcontractors and bank deposits decreased from HK$1.3 million for the four months ended 31 July 2017 to HK$0.8 million for the four months ended 31 July 2018 was mainly due to decrease in interest income from advance to the subcontractors for the same period in 2018.

The decrease in interest income arising from loans to subcontractors and bank deposits from approximately HK$4.3 million for the year ended 31 March 2017 to approximately HK$2.5 million for the year ended 31 March 2018 was mainly due to decrease in interest income from advance to the subcontractors for the same period in 2018.

The increase in interest income arising from loans to subcontractors and bank deposits from approximately HK$3.5 million for the year ended 31 March 2016 to approximately HK$4.3 million for the year ended 31 March 2017 was mainly due to increase in interest income from advance to the subcontractors for the same period in 2017.

Sundry income

The decrease in sundry income from approximately HK$1.2 million for the year ended 31 March 2017 to approximately HK$0.6 million for the year ended 31 March 2018 was mainly due to decrease in disbursement for employees' compensation from insurance companies for the same period in 2018.

The increase in sundry income from approximately HK$0.6 million for the year ended 31 March 2016 to approximately HK$1.2 million for the year ended 31 March 2017 was mainly due to increase in disbursement for employees' compensation from insurance companies for the same period in 2017.

Administrative expenses

Administrative expenses mainly include staff costs, director's remuneration, rental, depreciation, entertainment, listing expenses and others. During the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2017 and 2018, the administrative expenses amounted to approximately HK$23.5 million, HK$24.6 million, HK$32.3 million, HK$8.6 million and HK$16.8 million, respectively. Staff cost primarily includes salaries, wages and bonuses and contributions to defined contribution retirement plan.

Depreciation mainly represents depreciation charges for the motor vehicles. Others mainly includes staff welfare, travelling expenses, general expenses on machinery and equipment, and other sundry expenses. The following table sets forth the breakdown of our administrative expenses during the Track Record Period:

	For the year ended 31 March						Four months ended 31 July			
	2016		2017		2018		2017		2018	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000*	*%*
Staff costs	7,235	30.8	8,168	33.1	11,568	35.8	3,960	46.3	3,490	20.8
Director remuneration	5,812	24.8	5,371	21.8	5,452	16.9	1,730	20.2	2,294	13.7
Rental	1,980	8.4	2,207	9.0	2,209	6.8	748	8.7	719	4.3
Depreciation	2,112	9.0	1,117	4.5	1,030	3.2	320	3.7	358	2.1
Entertainment	849	3.6	807	3.3	728	2.3	208	2.4	212	1.3
Listing expenses	–	–	–	–	4,561	14.1	–	–	5,737	34.3
Others	5,485	23.4	6,958	28.3	6,729	20.9	1,588	18.7	3,945	23.5
Total	23,473	100.0	24,628	100.0	32,277	100.0	8,554	100.0	16,755	100.0

Staff costs

Our staff costs remained relatively stable at approximately HK$3.5 million for the four months ended 31 July 2018 as compared to approximately HK$4.0 million for the four months ended 31 July 2017.

Our staff costs increased by approximately HK$3.4 million or 41.5% from approximately HK$8.2 million for the year ended 31 March 2017 to approximately HK$11.6 million for the year ended 31 March 2018 was primarily due to increase in number of staff.

Our staff costs remained relatively stable at approximately HK$8.2 million for the year ended 31 March 2017 as compared to approximately HK$7.2 million for the year ended 31 March 2016.

Others

Our other administrative expenses increased by approximately HK$2.3 million or 143.8% from approximately HK$1.6 million in the four months ended 31 July 2017 to approximately HK$3.9 million for the four months ended 31 July 2018, which was primarily due to the exchange loss on pledged deposit denominated in RMB as a result of the depreciation of RMB against HKD for the same period in 2018.

Our other administrative expenses remained relatively stable at HK$6.7 million for the year ended 31 March 2018 as compared to HK$7.0 million for the year ended 31 March 2017.

Our other administrative expenses increased by approximately HK$1.5 million or 27.3% from approximately HK$5.5 million in the year ended 31 March 2016 to approximately HK$7.0 million for the year ended 31 March 2017, which was primarily due to recruitment agency expenses.

Finance costs

Finance costs mainly represent interest on bank borrowings. The table below sets forth the total finance costs of our Group and amount charged to profit or loss of our Group during the Track Record Period.

	For the year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Interest on bank and other loans	383	512	244	139	244

Income tax expenses

Our Group was not subject to any income tax in the Cayman Islands and BVI during the Track Record Period. The provision for Hong Kong profit tax was calculated at 16.5% of our estimated assessable profits for the Track Record Period.

Our income tax expenses decreased from approximately HK$3.0 million for the four months ended 31 July 2017 to approximately HK$1.3 million for the four months ended 31 July 2018, mainly due to the decrease in our profit before tax for the four months ended 31 July 2018. The increase in our effective tax rate of approximately 16.7% for the four months ended 31 July 2017 to approximately 27.2% for the four months ended 31 July 2018 was mainly due to non-deductible tax item of listing expenses.

Our income tax expenses increased from approximately HK$6.3 million for the year ended 31 March 2017 to approximately HK$8.9 million for the year ended 31 March 2018, mainly due to the increase in income generated from building construction works. The increase in our effective tax rate of approximately 16.5% for the year ended 31 March 2017 to approximately 17.7% for the year ended 31 March 2018 was mainly due to non-deductible tax item of listing expenses.

Our income tax expenses increased from approximately HK$3.5 million for the year ended 31 March 2016 to approximately HK$6.3 million for the year ended 31 March 2017, which was mainly due to the increase in income generated from building construction and RMAA works services. Our effective tax rate increased from approximately 14.8% for the year ended 31 March 2016 to approximately 16.5% for the year ended 31 March 2017 due to (i) decrease in tax losses utilised from previous period of approximately HK$0.4 million for the year ended 31 March 2016 to nil for the year ended 31 March 2017; and (ii) the increase in adjustment in respect of current tax of previous periods from nil for the year ended 31 March 2016 to approximately HK$0.1 million for the year ended 31 March 2017.

Tax matters

In preparation for the Listing, the Group identified certain adjustments ("**Adjustments**") with tax effects to be recognised by WL and WCE for each of the years ended 31 March 2014, 2015, 2016 and 2017. Details of the Adjustments are set out below:

(i) Early adoption (the "HKFRS Update") of Hong Kong Financial Reporting Standard 15 ("HKFRS 15")

When preparing the accountants' report in relation to the Listing, our Group decided to early adopt HKFRS 15 to the historical combined financial information of the Group for the three years ended 31 March 2018 as the new accounting standard provides a more comprehensive framework for recognising revenue from contracts with customers. Such early adoption of HKFRS 15 resulted in discrepancies between the profit or loss of WL and WCE for the three years ended 31 March 2017 reported under HKFRS 15 included in the Historical Financial Information of the Group and those originally reported in the previous statutory financial statements filed with the Inland Revenue Department (the "**IRD**").

According to HKFRS 15, revenue is recognised upon the satisfaction in performance obligations, which occurs when control of the service transfers to the customer. In the early stages of a construction contract, the outcome of a performance obligation may not be reasonably measured, however, when the cost incurred in satisfying the performance obligation is expected to be recovered, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. Upon adoption of HKFRS 15, the Group stops zero-profit margin revenue recognition when the Group can reasonably measure the outcome towards complete satisfaction of the performance obligation. After reviewing the outcome of projects, the Group considered to adopt a new general policy that the outcome of a performance obligation may be reasonably measured when a project has run over 10% of the work done. In addition, each project is required to be reviewed when the outcome of a performance obligation can be reasonably measured.

(ii) Sundry errors

Certain Adjustments to other income and expenses were due to clerical error or inadvertent oversight (the "**Errors**"). For Error that require back year tax adjustment, the table below set forth (i) the nature of the Errors; (ii) the circumstances leading to such Errors; and (iii) the net amount of each of the Errors for each of the years ended 31 March 2014, 2015, 2016 and 2017:

Nature of the Errors	Circumstances leading to the Errors	The net amount of each of the Errors requiring back year tax adjustment for each of the year ended 31 March			
		2014	**2015**	**2016**	**2017**
		(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
No annual revaluation had been conducted for recognition of exchange gain and loss of RMB pledged deposit and/or the adjustment to the fair value of the investment	Inadvertent oversight by officers of the Group's accounting department	–	(249)	(179)	(621)
Incorrectly recognised certain expenses and other income in relation to the compensation paid to injured workers and claims received from insurance company and/or the interest income of investment to the statement of financial position	Inadvertent oversight by officers of the Group's accounting department	(287)	(1,232)	(574)	615
Total net amount of Errors requiring back year tax adjustment of each year		(287)	(1,481)	(753)	(6)

As advised by the Tax Adviser, the Adjustments would not result in WL and/or WCE being regarded as non-compliance incidents under relevant sections of the Inland Revenue Ordinance (the "**IRO**") on the following ground:

(i) The previous statutory audited financial statements were based on acceptable standards prevailing at the time of the preparation of the statements and the tax filings;

(ii) In accordance with the IRD's practice, restatement of financials due to adoption of new accounting standard are not regarded as "error or omission" and, hence, WL and WCE would be in full compliance as long as they follow the IRD's practice to include the relevant restatement in the tax computation for the year of assessment 2017/18 that the restatement is recognised in the financial statements for year ended 31 March 2018; and

(iii) The Errors were not associated with acts to omit or conceal income or over claim or overstate expenses. They were due to the advertent oversight by officers of the Group's accounting department when preparing the original financial statements. The errors can be regarded as due to reasonable excuse.

Based on above, the Tax Adviser is of the view that (i) the Group may have net amount of additional tax refundable of approximately HK$0.4 million from the IRD due to the Adjustments; and (ii) it is unlikely that penalty or penalty assessment shall arise from the Adjustments.

The Company confirms that the revised profit tax computations of WL and WCE for four years ended 31 March 2017 to the IRD on 22 August 2018 have been submitted.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Four months ended 31 July 2018 compared to four months ended 31 July 2017

Revenue

The revenue of our Group increased by approximately HK$58.5 million or 20.8% from HK$281.2 million for the four months ended 31 July 2017 to approximately HK$339.7 million for the four months ended 31 July 2018 which was primarily due to the increase in revenue derived from our building construction services which was partially offset by the decrease in revenue derived from our RMAA works services.

Building construction services

Our revenue from building construction services increased by approximately HK$59.7 million or 27.5% from approximately HK$216.7 million for the four months ended 31 July 2017 to approximately HK$276.4 million for the four months ended 31 July 2018, which was mainly due to the increase in revenue generated by the Fanling Project, the Kwun Tong Project and the Kwai Chung Project during the four months ended 31 July 2018.

RMAA works services

Our revenue from RMAA works services remained relatively stable for the four months ended 31 July 2017 and 2018.

Cost of sales

Our cost of sales increased by approximately HK$61.9 million or 24.1%, from approximately HK$257.0 million for the four months ended 31 July 2017 to approximately HK$318.9 million for the four months ended 31 July 2018. Such increase was mainly due to the increase in subcontracting costs and materials costs during the four months ended 31 July 2018.

Gross profit and gross profit margin

Our gross profit margin decreased from approximately 8.6% during the four months ended 31 July 2017 to approximately 6.1% during the four months ended 31 July 2018, which was mainly due to the decrease in the gross profit margin of our RMAA works services for the same period in 2018.

Building construction services

Our gross profit from building construction services increased by approximately HK$2.1 million from approximately HK$13.2 million for the four months ended 31 July 2017 to approximately HK$15.3 million for the four months ended 31 July 2018. Our gross profit margin of building construction services decreased by approximately 0.6% from approximately 6.1% for the four months ended 31 July 2017 to approximately 5.5% for the four months ended 31 July 2018. Such decrease was mainly due to a significant portion of our revenue contributed by the Fanling Project which had relatively lower gross profit margin for the four months ended 31 July 2018.

RMAA works services

Our gross profit from RMAA works services decreased by approximately HK$5.7 million from approximately HK$11.1 million for the four months ended 31 July 2017 to approximately HK$5.4 million for the four months ended 31 July 2018. Our gross profit margin of RMAA works services decreased by approximately 8.6% from approximately 17.2% for the four months ended 31 July 2017 to approximately 8.6% for the four months ended 31 July 2018. Such decrease was mainly due to the relatively lower gross profit margin of the DTC (3) Project.

Other income and gains

Other income and gains decreased by approximately HK$1.1 million or 52.4%, from approximately HK$2.1 million for the four months ended 31 July 2017 to approximately HK$1.0 million for the four months ended 31 July 2018. The decrease was primarily attributable to the decrease in (i) interest income; (ii) dividend income; and (iii) exchange gain.

Administrative expenses

Our administrative expenses increased by approximately HK$8.2 million or 95.3%, from approximately HK$8.6 million for the four months ended 31 July 2017 to approximately HK$16.8 million for the four months ended 31 July 2018. The increase was primarily due to the increase in (i) listing expenses and (ii) other administrative expenses.

Income tax expenses

Income tax expenses decreased by approximately HK$1.7 million or 56.7%, from approximately HK$3.0 million for the four months ended 31 July 2017 to approximately HK$1.3 million for the four months ended 31 July 2018, which was mainly due to decrease in profit before taxation for the four months ended 31 July 2018 as compared to the four months ended 31 July 2017.

Profit and total comprehensive income for the year/period attributable to the equity holder of the Company

As a result of the foregoing, the profit for the year of our Group decreased by approximately HK$11.3 million or 76.4%, from approximately HK$14.8 million for the four months ended 31 July 2017 to approximately HK$3.5 million for the four months ended 31 July 2018. The decrease in our Group's profit for the four months ended 31 July 2018 was mainly due to decrease in our gross profit and the increase in the listing expenses. The net profit margin of our Group decreased from approximately 5.3% for the four months ended 31 July 2017 to approximately 1.0% for the four months ended 31 July 2018, primarily due to (i) the decrease in gross profit margin and (ii) the increase in listing expenses for the four months ended 31 July 2018.

Year ended 31 March 2018 compared to year ended 31 March 2017

Revenue

The revenue of our Group increased by approximately HK$258.7 million or 35.8% from HK$722.1 million for the year ended 31 March 2017 to approximately HK$980.8 million for the year ended 31 March 2018 which was primarily due to the increase in revenue derived from our building construction services which was partially offset by the decrease in revenue derived from our RMAA works services.

Building construction services

Our revenue from building construction services increased by approximately HK$354.0 million or 76.3%, from approximately HK$463.7 million for the year ended 31 March 2017 to approximately HK$817.7 million for the year ended 31 March 2018. Such increase was mainly due to increase in revenue generated by the Fanling Project, the Victory Avenue Project and the Kwun Tong Project and such increase was partially offset by the decrease in revenue generated from the Queen's Road Central Project.

RMAA works services

Our revenue from RMAA works services decreased by approximately HK$95.2 million or 36.8%, from approximately HK$258.4 million for the year ended 31 March 2017 to approximately HK$163.2 million for the year ended 31 March 2018. Such decrease was mainly due to the decrease in revenue from the DTC (1) Project and the DTC (2) Project, which was partially offset by the increase in revenue generated from the DTC (3) Project.

Cost of sales

Our cost of sales increased by approximately HK$237.8 million or 35.7%, from approximately HK$665.7 million for the year ended 31 March 2017 to approximately HK$903.5 million for the year ended 31 March 2018. Such increase was mainly due to the increase in subcontracting costs and site overhead which was partially offset by the decrease in direct staff costs and materials costs during the year.

Gross profit and gross profit margin

Our gross profit margin remained stable at approximately 7.8% and 7.9% during the years ended 31 March 2017 and 2018, respectively.

Building construction services

Our gross profit from building construction services increased by approximately HK$25.2 million from approximately HK$27.1 million for the year ended 31 March 2017 to approximately HK$52.3 million for the year ended 31 March 2018. The gross profit margin of building construction services increased by approximately 0.6% from approximately 5.8% for the year ended 31 March 2017 to approximately 6.4% for the year ended 31 March 2018. Such increase was mainly due to the increase in the variation orders of the Fanling Project and the Victory Avenue Project and such variation orders had relatively higher gross profit margins.

RMAA works services

Our gross profit from RMAA works services decreased by approximately HK$4.2 million from approximately HK$29.2 million for the year ended 31 March 2017 to approximately HK$25.0 million for the year ended 31 March 2018. However, the gross profit margin of RMAA works services increased by approximately 4.0% from approximately 11.3% for the year ended 31 March 2017 to approximately 15.3% for the year ended 31 March 2018. Such increase was mainly due to the increase in gross profit margin of the DTC (1) Project as a result of the decrease in site overhead costs from the year ended 31 March 2017 to the year ended 31 March 2018 due to the completion of the project in the year ended 31 March 2017.

Other income and gains

Other income and gains decreased by approximately HK$1.1 million or 15.9%, from approximately HK$6.9 million for the year ended 31 March 2017 to approximately HK$5.8 million for the year ended 31 March 2018. The decrease was primarily attributable to the decrease in (i) interest income; and (ii) sundry income which was partially offset by the increase of exchange gain.

Administrative expenses

Our administrative expenses increased by approximately HK$7.7 million or 31.3%, from approximately HK$24.6 million for the year ended 31 March 2017 to approximately HK$32.3 million for the year ended 31 March 2018. The increase was primarily due to the increase in (i) staff cost; and (ii) listing expenses.

Income tax expenses

Our income tax expenses increased by approximately HK$2.6 million or 41.3%, from approximately HK$6.3 million for the year ended 31 March 2017 to approximately HK$8.9 million for the year ended 31 March 2018, which was mainly due to increase in profit before taxation for the year ended 31 March 2018 as compared to the year ended 31 March 2017.

Profit and total comprehensive income for the year/period attributable to the equity holder of the Company

As a result of the foregoing, the profit for the year of our Group increased by approximately HK$9.6 million or 30.2%, from approximately HK$31.8 million for the year ended 31 March 2017 to approximately HK$41.4 million for the year ended 31 March 2018. The net profit margin of our Group remained relatively stable at approximately 4.4% for the year ended 31 March 2017 and approximately 4.2% for the year ended 31 March 2018.

Year ended 31 March 2017 compared to year ended 31 March 2016

Revenue

The revenue of our Group increased by approximately HK$299.8 million or 71.0% from HK$422.3 million for the year ended 31 March 2016 to approximately HK$722.1 million for the year ended 31 March 2017 which was primarily due to the increase in revenue derived from our building construction services.

Building construction services

Our revenue from building construction services increased by approximately HK$256.0 million or 123.3%, from approximately HK$207.7 million for the year ended 31 March 2016 to approximately HK$463.7 million for the year ended 31 March 2017. Such increase was mainly due to the increase in revenue generated for the year from the Queen's Road Central Project and the Shau Kei Wan Project during the year ended 31 March 2017 and such increase was partially offset by the decrease in revenue generated from the Conduit Road Project and the Argyle Street Project.

RMAA works services

Our revenue from RMAA works services increased by approximately HK$43.7 million or 20.4%, from approximately HK$214.7 million for the year ended 31 March 2016 to approximately HK$258.4 million for the year ended 31 March 2017. Such increase was mainly due to the increase in revenue generated for the year from the DTC (1) Project, the Tsui Man Court Project and the DTC (2) Project.

Cost of sales

Our cost of sales increased by approximately HK$285.9 million or 75.3%, from approximately HK$379.8 million for the year ended 31 March 2016 to approximately HK$665.7 million for the year ended 31 March 2017. Such increase was mainly due to the increase in subcontracting costs and the increase in materials cost.

Gross profit and gross profit margin

Our gross profit margin was approximately 10.1% and 7.8% in the year ended 31 March 2016 and 2017, respectively. Such decrease was due to the decrease in gross profit margin of building construction works and the RMAA works services, respectively.

Building construction services

Our gross profit from building construction services increased by approximately HK$14.5 million from approximately HK$12.6 million for the year ended 31 March 2016 to approximately HK$27.1 million for the year ended 31 March 2017. However, our gross profit margin of building construction services decreased by approximately 0.3% from approximately 6.1% for the year ended 31 March 2016 to approximately 5.8% for the year ended 31 March 2017. The decrease in gross profit margin was mainly attributable to a significant portion of our revenue contributed by the Fanling Project and the Victory Avenue Project which had relatively lower gross profit margins for the year ended 31 March 2017.

RMAA works services

Our gross profit from RMAA works services decreased by approximately HK$0.7 million from approximately HK$29.9 million for the year ended 31 March 2016 to approximately HK$29.2 million for the year ended 31 March 2017. Our gross profit margin of RMAA works services decreased by approximately 2.6% from approximately 13.9% for the year ended 31 March 2016 to approximately 11.3% for the year ended 31 March 2017. Such decrease was mainly due to the decrease in gross profit margin of the DTC (2) Project. In March 2016, the Housing Authority informed our Group that the progress of certain work orders for the DTC (2) Project was slow and required us to allocate more resources to avoid delay of progress. This led to additional staffs and subcontractors allocated by our Group to the DTC (2) Project and resulted in the decrease in the gross profit margin of the DTC (2) Project.

Other income and gains

Other income and gains increased by approximately HK$1.9 million or 38.0%, from approximately HK$5.0 million for the year ended 31 March 2016 to approximately HK$6.9 million for the year ended 31 March 2017. The increase was primarily attributable to the increase in (i) dividend income; (ii) interest income; and (iii) sundry income.

Administrative expenses

Our administrative expenses increased by approximately HK$1.1 million or 4.7%, from approximately HK$23.5 million for the year ended 31 March 2016 to approximately HK$24.6 million for the year ended 31 March 2017. The increase was primarily contributed by the increase of the other administrative costs, primarily due to increase in recruitment agency expenses.

Income tax expenses

Our income tax expenses increased by approximately HK$2.8 million or 80.0%, from approximately HK$3.5 million for the year ended 31 March 2016 to approximately HK$6.3 million for the year ended 31 March 2017, which was mainly due to the increase in profit before taxation for the year ended 31 March 2017 as compared to the year ended 31 March 2016.

Profit and total comprehensive income for the year/period attributable to the equity holder of the Company

As a result of the foregoing, the profit for the year of our Group increased by approximately HK$11.6 million or 57.4%, from approximately HK$20.2 million for the year ended 31 March 2016 to approximately HK$31.8 million for the year ended 31 March 2017. The increase in our Group's profit for the year ended 31 March 2017 was mainly due to increase in our gross profit which was partially offset by the increase in income tax expenses. The net profit margin of our Group decreased from approximately 4.8% for the year ended 31 March 2016 to approximately 4.4% for the year ended 31 March 2017. The decrease in the net profit margin of our Group was mainly due to the decrease of our gross profit margin for the year.

FINANCIAL OF OUR GROUP

The table below presents the summary of combined statements of financial position of our Group as at 31 March 2016, 2017 and 2018 and 31 July 2018 extracted from the Accountants' Report as set out in Appendix I to this prospectus.

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS				
Property, plant and equipment	4,822	4,324	4,117	5,659
Other financial assets at amortised cost	15,735	10,407	–	–
Prepayments, deposits and other receivables	2,482	974	1,502	1,515
Total non-current assets	23,039	15,705	5,619	7,174
CURRENT ASSETS				
Contract assets and trade receivables	64,275	209,147	195,271	199,013
Prepayments, deposits and other receivables	50,677	63,109	50,096	50,667
Due from a director	130	130	–	–
Other financial assets at amortised cost	–	5,041	–	–
Other financial assets at fair value through profit or loss	–	9,864	–	–
Pledged deposits	25,876	24,959	26,349	26,009
Time deposits	33,588	981	13,748	12,854
Cash and bank balances	13,947	47,813	46,649	66,349
Total current assets	188,493	361,044	332,113	354,892
Total assets	211,532	376,749	337,732	362,066
CURRENT LIABILITIES				
Trade and retention payables	44,974	115,472	120,409	116,461
Other payables and accruals	9,904	62,801	62,566	99,640
Due to related companies	62,000	60,700	–	–
Loan from a related company	–	–	8,500	–
Interest-bearing bank borrowings	15,074	26,000	–	45,000
Finance lease payables	–	–	–	450
Tax payable	3,654	3,945	5,500	5,258
Total current liabilities	135,606	268,918	196,975	266,809
NON-CURRENT LIABILITIES				
Loan from a related company	8,500	8,500	–	–
Deferred tax liabilities	370	457	476	575
Finance lease payable	–	–	–	908
Total non-current liabilities	8,870	8,957	476	1,483
Total liabilities	144,476	277,875	197,451	268,292
Net assets	67,056	98,874	140,281	93,774
Equity attributable to equity holder of the Company				
Issued capital	–	–	–	–
Reserves	67,056	98,874	140,281	93,774
Total equity	67,056	98,874	140,281	93,774

ANALYSIS ON MAJOR COMPONENTS OF THE COMBINED STATEMENTS OF FINANCIAL POSITION

Contract assets and trade receivables

The following table sets forth the contract assets and trade receivables as of the dates indicated:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other contract assets	15,029	10,975	3,642	9,836
Retention receivables	21,294	50,910	60,267	64,641
Trade receivables	27,952	147,262	131,362	124,536
	64,275	209,147	195,271	199,013

Other contract assets

We recognise our revenue from construction contracts based on the stage of completion of the contracts as certified by the architects of our customers and these architects issue interim certificate which our billing bases upon. Contract assets represent work performed by us but not yet certified by our customers as at the end of a financial year. Our Group normally submits payment applications to our customers on a monthly basis.

Other contract assets are typically affected by the value of works we performed close to the end of each reporting period and the timing of receiving certificates, and thus will vary from period to period. Furthermore, considering the vast number of items related to our projects, negotiation with customers for the value of works performed by us set out in the payment certificates is common.

As at 31 March 2016, 2017 and 2018 and as at 31 July 2018, our other contract assets were approximately HK$15.0 million, HK$11.0 million, HK$3.6 million and HK$9.8 million, respectively. Our other contract assets decreased from approximately HK$15.0 million as at 31 March 2016 to approximately HK$11.0 as at 31 March 2017 was mainly due to the decrease in other contract assets for the Conduit Road Project. Our other contract assets decreased from approximately HK$11.0 million as at 31 March 2017 to approximately HK$3.6 as at 31 March 2018 was mainly due to the decrease in the contract assets for the Fanling Project and a project for construction of lift towers for a public housing estate in Kwun Tong, Hong Kong. Our other contract assets increased from approximately HK$3.6 million as at 31 March 2018 to approximately HK$9.8 million as at 31 July 2018 was mainly due to the increase in the other contract assets for the Sham Shui Po Project.

As at 30 November 2018, approximately HK$6.9 million or 70.4% of the other contract assets as at 31 July 2018 were subsequently billed.

Trade receivables

Our trade receivables represent amounts receivable from our customers under our building construction contracts and RMAA contracts. We generally submit interim payment applications to our customers on a monthly basis containing a statement setting out our estimate of the gross valuation of the works we have performed in the preceding month.

As at 31 March 2016, 2017 and 2018 and 31 July 2018, the balance of our trade receivables was approximately HK$28.0 million, HK$147.3 million, HK$131.4 million and HK$124.5 million, respectively. The increase in our trade receivables from approximately HK$28.0 million as at 31 March 2016 to approximately HK$147.3 million as at 31 March 2017 was primarily attributable to the increase in trade receivables of the Queen's Road Central Project. The decrease in our trade receivables from approximately HK$147.3 million as at 31 March 2017 to approximately HK$131.4 million as at 31 March 2018 was mainly due to the decrease in trade receivables of the Queen's Road Central Project. The decrease in our trade receivables from approximately HK$131.4 million as at 31 March 2018 to approximately HK$124.5 million as at 31 July 2018 was mainly due to the decrease in trade receivables of the Victory Avenue Project.

Ageing analysis of trade receivables

The following table sets forth a summary of aged analysis of trade receivables, which were past due but not impaired, at the end of each reporting period:

	As at 31 March			As at 31 July
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables:				
Within 90 days	25,394	141,728	127,703	120,519
91 to 180 days	1,106	3,321	1,587	2,308
181 to 360 days	1,061	1,669	1,903	1,319
Over 360 days	391	544	169	390
Total trade receivables	27,952	147,262	131,362	124,536

As at 31 March 2018, our Group had trade receivables of approximately HK$2.1 million aged over six months. No provision has been made as the relevant project was still ongoing. Notwithstanding the above, due to the capital intensive nature of the construction industry, it is not uncommon for customers or contractors to delay payments to their contractors or subcontractors when the projects are delayed or until the contractors have received settlements for works performed. Our customers generally settle amounts due to our Group in accordance with the credit period set out in the contracts. As at 30 November 2018, approximately HK$122.7 million or 98.6% of the trade receivables as at 31 July 2018 was subsequently settled.

We have undertaken measures aimed at managing the ageing of our trade receivables. Before submitting tenders and quotations for our projects, we would assess the credit quality and reputation of our potential customers. We also monitor the ageing of our trade receivables on a regular basis.

We make specific provision for doubtful debts when there is objective evidence that we will not be able to collect the amounts due. We did not make any provision for doubtful debt in respect of trade receivables during the Track Record Period.

Trade receivable turnover days

The table below sets forth our turnover days of trade receivables for the period indicated:

	For the year ended 31 March			Four months ended 31 July
	2016	**2017**	**2018**	**2018**
Turnover days of trade receivables*(Note)*	32	44	52	46

Note:

The turnover days of trade receivables are calculated by dividing the average trade receivables by revenue and multiplied by 365 days for each of the three years ended 31 March 2016, 2017 and 2018 and 122 days for the four months ended 31 July 2018.

For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our Group recorded trade receivables turnover days at approximately 32 days, 44 days, 52 days and 46 days, respectively.

The increase in turnover days of trade receivables from approximately 32 days for year ended 31 March 2016 to approximately 44 days for the year ended 31 March 2017 was mainly due to the longer payment period made by the customer of the Queen's Road Central Project. The increase in trade receivables turnover days from approximately 44 days for the year ended 31 March 2017 to approximately 52 days for the year ended 31 March 2018 were mainly attributable to the relatively longer payment period made by the customer of the Fanling Project. The decrease in trade receivables turnover days from approximately 52 days for the year ended 31 March 2018 to approximately 46 days for the four months ended 31 July 2018 were mainly attributable to the relatively shorter payment period made by the customer of the Kwai Chung Project.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Past due but not impaired:				
1 to 3 months past due	6,126	70,751	7,687	55,434
4 to 6 months past due	1,426	156	2,206	1,722
7 to 12 months past due	571	1,698	684	931
Over 1 year past due	340	530	169	390
	8,463	73,135	10,746	58,477
Neither past due nor impaired	19,489	74,127	120,616	66,059
	27,952	147,262	131,362	124,536

Trade receivables that were past due but not impaired relate to certain independent customers, mainly reputable property developers and government authorities, that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The carrying amounts of the trade receivables approximate to their fair values.

Trade receivables that are neither past due nor impaired relate to certain independent customers for whom there was no recent history of default.

Retention receivables

Retention receivables represent the retention money required by our customers to secure our due performance of the contracts. Our customers normally require a defects liability period, during which we are responsible to rectify works defects or faults identified by the architect of our customer from time to time. The defects liability period typically ranges from 12 to 24 months after the issuance of a practical completion certificate. We also generally require a defects liability period from our subcontractors, where the relevant subcontractor is in general responsible for rectifying the works defects to the satisfaction of our customer and us in accordance with the defects liability clause in the subcontracting agreement with our Group.

Our retention receivables increased from approximately HK$21.3 million as at 31 March 2016 to approximately HK$50.9 million as at 31 March 2017. Such increase was mainly due to the increase of revenue derived from the Queen's Road Central Project and the Shau Kei Wan Project. Our retention receivable increased from approximately HK$50.9 million as at 31 March 2017 to approximately HK$60.3 million as at 31 March 2018. Such increase was mainly due to the increase of revenue derived from the

Fanling Project. Our retention receivables increased from approximately HK$60.3 million as at 31 March 2018 to approximately HK$64.6 million as at 31 July 2018. Such increase was mainly due to the increase of revenue derived from the Kwai Chung Project.

We expect all these retention monies to be released after the expiry of the defects liability period or the time period pre-agreed between our Group and our customers according to the respective contracts and works completed. As at 30 November 2018, none of the retention monies recorded as at 31 July 2018 had been released to us.

Prepayments, deposits and other receivables

The following table sets out a summary of our prepayments, deposits and other receivables as at the dates indicated:

	As at 31 March			As at 31 July
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	6,441	3,301	7,220	9,677
Deposits and other receivables	46,718	60,782	44,378	42,505
	53,159	64,083	51,598	52,182
Less: Prepayments and deposits classified as non-current assets	(2,482)	(974)	(1,502)	(1,515)
	50,677	63,109	50,096	50,667

Prepayments comprise mainly (i) prepaid insurance, (ii) prepaid rental and (iii) licence fee. The balance of prepayments as at 31 March 2016, 2017 and 2018 and 31 July 2018 were approximately HK$6.4 million, HK$3.3 million, HK$7.2 million and HK$9.7 million, respectively. The decrease in our prepayments of approximately HK$3.1 million as at 31 March 2017 was primarily attributable to the decrease in prepaid insurance for the Queen's Road Central Project and the Shau Kei Wan Project. The increase in our prepayments of approximately HK$3.9 million as at 31 March 2018 was primarily attributable to the increase in our prepayment to our subcontractors. The increase in our prepayments of approximately HK$2.5 million as at 31 July 2018 was primarily attributable to the increase in our prepayments to our subcontractors.

Deposits and other receivables comprise (i) interest receivables; (ii) marginal deposit; (iii) rental utility deposit; (iv) employees' compensation advances to employees; and (v) advances to subcontractors. The increase in our deposits and other receivables of approximately HK$14.1 million as at 31 March 2017 was primarily attributable to the increase in advances to subcontractors. The decrease in our deposits and other receivables of approximately HK$16.4 million as at 31 March 2018 was mainly due to the decrease in advances to subcontractors. The decrease in our deposits and other receivables of approximately HK$1.9 million as at 31 July 2018 was mainly due to the decrease in advances to subcontractors.

Amount due from a director

The amount due from our Director is non-trade in nature, unsecured, interest-free and repayable on demand. The amount due from our Director amounted to approximately HK$130,000, HK$130,000, nil and nil as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively.

Other financial assets at amortised cost

Our other financial assets at amortised cost represent fixed rate senior unsecured notes. Our other financial assets were approximately HK$15.7 million, HK$15.4 million, nil and nil as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively. Our other financial assets at amortised cost remained relatively stable at approximately HK$15.4 million as at 31 March 2017 as compared to approximately HK$15.7 million as at 31 March 2016. Our financial assets decreased from approximately HK$15.4 million as at 31 March 2017 to nil as at 31 March 2018 due to the sales of the financial assets.

Other financial assets at fair value through profit or loss

Our other financial assets at fair value through profit or loss represent unlisted investment funds. Our other financial assets at fair value through profit or loss were nil, approximately HK$9.9 million, nil and nil as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively. Our other financial assets at fair value through profit or loss increased from nil as at 31 March 2016 to approximately HK$9.9 million as at 31 March 2017 due to the purchase of unlisted investment funds. Our financial assets decreased from approximately HK$9.9 million as at 31 March 2017 to nil as at 31 March 2018 due to the sales of unlisted investment funds.

Pledged deposits

Our pledged deposits represent deposits pledged to banks to secure the banking facilities granted to our Group. The balances of our pledged deposits were approximately HK$25.9 million, HK$25.0 million, HK$26.3 million and HK$26.0 million as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively.

Time deposits

Our time deposits represent deposits with fixed maturity dates. The balances of our time deposits were approximately HK$33.6 million, HK$1.0 million, HK$13.7 million and HK$12.9 million as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively.

Trade and retention payables

The following table sets forth the trade and retention payables as of the dates indicated:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	26,235	83,673	71,920	65,988
Retention payables	18,739	31,799	48,489	50,473
	44,974	115,472	120,409	116,461

Trade payables

Our trade payables primarily represent amounts payable to our subcontractors and suppliers of construction materials. Settlement is generally made in accordance with the terms specified in the contracts governing the relevant transactions. Our trade and retention payables are generally affected by, including but not limited to, the amounts of works performed by our subcontractors, materials provided by our suppliers, timing of payment invoices received from our subcontractors and suppliers, and credit periods granted by our subcontractors and suppliers.

Our trade payables increased from approximately HK$26.2 million as at 31 March 2016 to approximately HK$83.7 million as at 31 March 2017. The increase was primarily due to the increase in the trade payables of the Queen's Road Central Project. Our trade payables decreased from approximately HK$83.7 million as at 31 March 2017 to approximately HK$71.9 million as at 31 March 2018. The decrease was primarily due to the decrease in trade payables of the Queen's Road Central Project was partially offset by the increase in the trade payables of the Victory Avenue Project. Our trade payables decreased from approximately HK$71.9 million as at 31 March 2018 to approximately HK$66.0 million as at 31 July 2018. The decrease was primarily due to the decrease in trade payables of the Victory Avenue Project was partially offset by the increase in the trade payables of the Fanling Project.

As at 30 November 2018, approximately HK$66.0 million or 100.0% of the trade payables as at 31 July 2018 were subsequently settled.

The following table sets forth the turnover days of trade payables for the periods indicated:

	For the year ended 31 March			Four months ended 31 July
	2016	2017	2018	2018
Turnover days of trade payables[(Note)]	28	30	31	26

Note:

The turnover days of trade payables are calculated by dividing the average trade payables by cost of sales and multiplied by 365 days for each of the three years ended 31 March 2016, 2017 and 2018 and 122 days for the four months ended 31 July 2018.

Our turnover days of trade payables were approximately 28 days, 30 days, 31 days and 26 days for the year ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, respectively. Our trade payables turnover days remained relatively stable for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018.

The following table sets forth the aged analysis of our trade and retention payables as at the dates indicated:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables:				
Within 3 months	25,870	83,626	71,902	65,971
4-6 months	351	29	-	–
Over 6 months	14	18	18	17
	26,235	83,673	71,920	65,988
Retention payables	18,739	31,799	48,489	50,473
	44,974	115,472	120,409	116,461

Retention payables

Retention payables mainly represent the amounts we withhold from progress payments to our subcontractors in the range of 5% to 10% of the respective payment amount. Such retention money is released to our subcontractors after the expiry of the defects liability period or the time period pre-agreed

between our Group and our subcontractors in accordance with the terms and conditions of the relevant subcontract. Therefore, a significant portion of retention payables remained outstanding as at each balance sheet date.

Our retention payables increased from approximately HK$31.8 million as at 31 March 2017 to approximately HK$48.5 million as at 31 March 2018, which was mainly due to the increase of retention payable of the Victory Avenue Project. Our retention payables increased from approximately HK$18.7 million as at 31 March 2016 to approximately HK$31.8 million as at 31 March 2017, which was mainly due to the increase in retention payable of the Shau Kei Wan Project, the Fanling Project and the Victory Avenue Project. Our retention payables increased from approximately HK$48.5 million as at 31 March 2018 to approximately HK$50.5 million as at 31 July 2018, which was mainly due to the increase in retention payable of the Fanling Project and the Kwai Chung Project.

As at 30 November 2018, approximately HK$1.4 million or 2.8% of the retention payables as at 31 July 2018 were subsequently settled.

Other payables and accruals

The following table sets forth the other payables and accruals as at the dates indicated:

	As at 31 March			As at 31 July
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	291	337	316	692
Accruals	9,613	62,464	62,250	98,948
	9,904	62,801	62,566	99,640

Other payables comprise of temporary receipt of MPF, marginal deposit received and non-trade office expenses. Our other payables remained stable from 31 March 2016 to 31 March 2017 and from 31 March 2017 to 31 March 2018. Our other payables increased from approximately HK$0.3 million as at 31 March 2018 to approximately HK$0.7 million as at 31 July 2018, which was mainly due to the increase in non-trade office expenses.

Accruals comprise (i) accrued MPF, (ii) accrued salaries, (iii) accrued audit fees, (iv) accrued loan interest, (v) accrued contract expenses and (iv) accrued subcontracting expenses. The following table sets forth the accruals as at the dates indicated:

	As at 31 March			As at 31 July
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Accrued MPF	173	227	511	237
Accrued salaries	187	822	31	470
Accrued audit fees	103	105	150	50
Accrued loan interests	13	60	–	195
Accrued contract expenses	9,137	51,327	24,931	38,328
Accrued subcontracting fees	–	9,923	36,627	59,668
	9,613	62,464	62,250	98,948

Accrued contract expenses

Accrued contract expenses occur when progress billings exceed the contract costs incurred plus recognised profits. Our accrued contract expenses increased from approximately HK$9.1 million as at 31 March 2016 to approximately HK$51.3 million as at 31 March 2017, which was mainly due to the increase in accrued contract expenses of the Queen's Road Central Project. Our accrued contract expenses decreased from approximately HK$51.3 million as at 31 March 2017 to approximately HK$24.9 million as at 31 March 2018, which was mainly due to the decrease in accrued contract expenses of the Queen's Road Central Project. Our accrued contract expenses increased from approximately HK$24.9 million as at 31 March 2018 to approximately HK$38.3 million as at 31 July 2018, which was mainly due to the increase in accrued contract expenses of the Fanling Project.

Accrued subcontracting fees

Accrued subcontracting fees represent the fees which were accrued to our subcontractors. Our accrued subcontracting fees increased from nil as at 31 March 2016 to approximately HK$9.9 million as at 31 March 2017, which was mainly due to the increase in accrued subcontracting fees of the DTC (1) Project. Our accrued subcontracting fees increased from approximately HK$9.9 million as at 31 March 2017 to approximately HK$36.6 million as at 31 March 2018, which was mainly due to the increase in accrued subcontracting fees of the Fanling Project. Our accrued subcontracting fees increased from approximately HK$36.6 million as at 31 March 2018 to approximately HK$59.7 million as at 31 July 2018, which was mainly due to the increase in accrued subcontracting fees of the DTC (3) Project and the Victory Avenue Project.

Amount due to related companies

The amounts due to related companies are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts due to related companies amounted to approximately HK$62.0 million, HK$60.7 million, nil and nil as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively.

Loan from a related company

The loan from a related company is non-trade in nature, unsecured and repayable on demand. The loan from a related company amounted to HK$8.5 million, HK$8.5 million, HK$8.5 million and nil as at 31 March 2016, 2017, 2018 and 31 July 2018, respectively.

Interest-bearing bank borrowings

Our Group had interest-bearing bank borrowings of approximately HK$15.1 million, HK$26.0 million, nil and HK$45.0 million as at 31 March 2016, 2017, 2018 and 31 July 2018, respectively. The increase in our Group's interest-bearing bank borrowings of approximately HK$10.9 million as at 31 March 2017 was mainly due to financing of operational activities. The decrease in our Group's interest-bearing bank borrowings of approximately HK$26.0 million as at 31 March 2018 was mainly due to the repayment of bank borrowings. The increase in our Group's interest-bearing bank borrowings from approximately nil as at 31 March 2018 to HK$45.0 million as at 31 July 2018 was mainly due to financing of operational activities.

The interest rate on our Group's bank borrowings was HIBOR plus 1.75% to 2.75%, HIBOR plus 1.20% to 2.75% and HIBOR plus 1.30% to 1.55% per annum as at 31 March 2016, 2017 and 31 July 2018, respectively. Our Directors confirm that the personal guarantees provided by banks will be released and replaced by a corporate guarantee provided by our Group upon Listing.

Finance lease payables

Our finance lease payables represent the finance lease of our vehicle for the business operations. Our finance lease payables amounted to nil, nil, nil and approximately HK$1.4 million as at 31 March 2016, 2017 and 2018 and 31 July 2018. Our finance lease payables increased from nil as at 31 March 2018 to approximately HK$1.4 million as at 31 July 2018, which was mainly due to the purchase of vehicle for business operations.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are mainly to finance our operations and satisfy our capital expenditure needs. During the Track Record Period, our principal sources of liquidity and capital resources were cash flow generated from operating activities, investing activities and financing activities.

Cash flow

The table below sets forth the selected cash flow data from the combined statements of cash flows for the period as indicated. This information should be read together with the combined financial information contained in the Accountants' Report in Appendix I to this prospectus.

	For the year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating cash flows before movements in working capital	21,869	34,289	48,907	16,705	4,643
Net cash flows generated from/(used in) operating activities	12,492	(4,030)	72,778	56,464	31,999
Net cash flows generated from/(used in) investing activities	1,486	(3,825)	25,769	501	593
Net cash flows generated from/(used in) financing activities	(5,488)	9,114	(86,944)	(21,139)	(13,785)
Cash and cash equivalents at end of the year/period	47,535	48,794	60,397	84,620	79,203

Operating cash flows before movements in working capital

Operating cash flows before movements in working capital primarily consisted of profit before taxation adjusted for finance costs, interest income, dividend income from other financial assets at fair value through profit or loss, depreciation, loss on disposal of items of property, plant and equipment, loss on disposal of other financial assets at amortised cost, and fair value loss/(gain) on other financial assets at fair value through profit or loss.

Our operating cash flows before movements in working capital increased from approximately HK$21.9 million for the year ended 31 March 2016 to approximately HK$34.3 million for the year ended 31 March 2017, which was primarily attributable to the increase in profit before taxation of approximately HK$14.4 million for the year ended 31 March 2017.

Our operating cash flows before movements in working capital increased from approximately HK$34.3 million for the year ended 31 March 2017 to approximately HK$48.9 million for the year ended 31 March 2018, which was primarily attributable to the increase in profit before taxation of approximately HK$12.2 million for the year ended 31 March 2018.

Our operating cash flows before movements in working capital decreased from approximately HK$16.7 million for the four months ended 31 July 2017 to approximately HK$4.6 million for the four months ended 31 July 2018, which was primarily attributable to the decrease in profit before taxation of approximately HK$12.9 million for the four months ended 31 July 2018.

Net cash flows from or used in operating activities

Net cash flows from operating activities primarily consisted of profit before taxation adjusted for non-cash items, such as finance costs, interest income, dividend income from other financial assets at fair value through profit or loss, depreciation, loss on disposal of an item of property, plant and equipment, fair value gains/losses on other financial assets at fair value through profit or loss and the effect of changes in working capital.

For the year ended 31 March 2016, our net cash flows generated from operating activities was approximately HK$12.5 million, primarily as a result of the combined effects of (i) approximately HK$21.9 million operating cash flows before movements in working capital; and (ii) the decrease in contract assets and trade receivables of approximately HK$18.0 million. This was offset by (i) the increase in prepayments, deposits and other receivables of approximately HK$8.0 million; (ii) the increase in amount due from director of approximately HK$12.3 million; (iii) the decrease in trade and retention payables of approximately HK$4.3 million; (iv) the decrease in other payables and accruals of approximately HK$2.5 million; and (v) the Hong Kong profits tax paid of approximately HK$0.3 million.

For the year ended 31 March 2017, our net cash flows used in operating activities was approximately HK$4.0 million, primarily as a result of the combined effects of (i) approximately HK$34.3 million operating cash flows before movements in working capital; (ii) the increase in trade and retention payables of approximately HK$70.5 million and (iii) the increase in other payables and accruals of approximately HK$52.9 million. This was offset by (i) the increase in contract assets and trade receivables of approximately HK$144.9 million; (ii) the increase in prepayments, deposits and other receivables of approximately HK$10.9 million; and (iii) the Hong Kong profits tax paid of approximately HK$5.9 million.

For the year ended 31 March 2018, our net cash flows generated from operating activities was approximately HK$72.8 million, primarily as a result of the combined effects of (i) approximately HK$48.9 million operating cash flows before movements in working capital; (ii) the decrease in contract assets and trade receivables of approximately HK$13.9 million; (iii) the decrease in prepayments, deposits and other receivables of approximately HK$12.5 million; (iv) the decrease in an amount due from a director of approximately of HK$0.1 million; and (v) the increase in trade and retention payables of approximately of HK$4.9 million. This was offset by (i) the decrease in other payables and accruals of approximately HK$0.2 million; and (ii) the Hong Kong profits tax paid of approximately HK$7.3 million.

For the four months ended 31 July 2018, our net cash flows generated from operating activities was approximately HK$32.0 million, primarily as a result of the combined effects of (i) approximately HK$4.6 million operating cash flows before movements in working capital; and (ii) the increase in other payables and accruals of approximately HK$37.1 million. This was offset by (i) the increase in contract assets and trade receivables of approximately HK$3.7 million; (ii) the increase in prepayments, deposits and other receivables of approximately HK$0.6 million; (iii) the decrease of trade and retention payables of approximately HK$3.9 million and (iv) the Hong Kong profits tax paid of approximately HK$1.4 million.

Net cash flows generated from or used in investing activities

For the year ended 31 March 2016, our net cash flows from investing activities was approximately HK$1.5 million. The amount was mainly attributable to (i) interest received of approximately HK$4.5 million; and (ii) the decrease in pledged deposits of approximately HK$9.1 million, and was offset by (i) purchase of items of property, plant and equipment of approximately HK$1.4 million; and (ii) the purchase of other financial assets at amortised cost of approximately HK$10.7 million.

For the year ended 31 March 2017, our net cash flows used in investing activities was approximately HK$3.8 million. The amount was mainly attributable to (i) interest received of approximately HK$5.4 million; (ii) the dividend received from other financial assets at fair value through profit or loss of approximately HK$0.6 million; (iii) the proceeds from disposal of items of property, plant and equipment of approximately HK$0.4 million; (iv) the decrease in pledged deposits of approximately HK$0.9 million and was offset by (i) purchase of items of property, plant and equipment of approximately HK$1.2 million; and (ii) the purchase of other financial assets at fair value through profit or loss of approximately HK$9.9 million.

For the year ended 31 March 2018, our net cash flows generated from investing activities was approximately HK$25.8 million. The amount was mainly attributable to (i) interest received of approximately HK$3.4 million; (ii) the dividend received from other financial assets at fair value through profit or loss of approximately HK$0.7 million; (iii) the proceeds from disposal of items of property, plant and equipment of approximately HK$0.1 million; (iv) the proceeds from disposal of other financial assets at amortised cost of approximately HK$14.6 million; and (v) the proceeds from disposal of other financial assets at fair value through profit or loss of approximately HK$9.4 million and was offset by (i) purchase of items of property, plant and equipment of approximately HK$1.0 million; and (ii) the increase in pledged deposits of approximately HK$1.4 million.

For the four months ended 31 July 2018, our net cash flows from investing activities was approximately HK$0.6 million. The amount was mainly attributable to purchases of items of property, plant and equipment of approximately HK$1.2 million and was offset by (i) interest received of approximately HK$0.8 million; (ii) proceeds from disposal of items of property, plant and equipment of approximately HK$0.6 million; and (iii) the decrease in pledged deposits of approximately HK$0.3 million.

Net cash flows generated from or used in financing activities

For the year ended 31 March 2016, our net cash flows used in financing activities was approximately HK$5.5 million, mainly attributable to (i) the new bank loans of approximately HK$113.7 million; and (ii) the proceeds from issue of shares of subsidiaries comprising the Group of approximately HK$2.1 million, and was offset by (i) the repayment of bank loans of approximately HK$114.6 million; (ii) the interest paid of approximately HK$0.4 million; and (iii) the repayment to related companies of approximately HK$6.3 million.

For the year ended 31 March 2017, our net cash flows generated from financing activities was approximately HK$9.1 million, which was mainly attributable to the new bank loans of approximately HK$142.3 million, and was offset by (i) the repayment of bank loans of approximately HK$131.4 million; (ii) the interest paid of approximately HK$0.5 million; and (iii) the repayment to related companies of approximately HK$1.3 million.

For the year ended 31 March 2018, our net cash flows used in financing activities was approximately HK$86.9 million, which was mainly attributable to the new bank loans of approximately HK$14.0 million, and was offset by (i) the repayment of bank loans of approximately HK$40.0 million; (ii) the interest paid of approximately HK$0.2 million; and (iii) the repayment to related companies of approximately HK$60.7 million.

For the four months ended 31 July 2018, our net cash flows used in financing activities was approximately HK$13.8 million, which was mainly attributable to the new bank loans of approximately HK$50.0 million, and was offset by (i) the repayment of bank loans of approximately HK$5.0 million; (ii) the interest paid of approximately HK$0.2 million; (iii) the repayment of loan from a related company of approximately HK$8.5 million; and (iv) dividend paid of approximately HK$50 million.

Net current assets

The table below sets forth our current assets and current liabilities as at 31 March 2016, 2017 and 2018, as at 31 July 2018 and as at 30 November 2018, respectively.

	As at 31 March			As at 31 July	As at 30 November
	2016	**2017**	**2018**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
Current assets					
Contract assets and trade receivables	64,275	209,147	195,271	199,013	277,886
Prepayments, deposits and other receivables	50,677	63,109	50,096	50,667	54,578
Due from a director	130	130	–	–	–
Other financial assets at amortised cost	–	5,041	–	–	–
Other financial assets at fair value through profit or loss	–	9,864	–	–	–
Pledged deposits	25,876	24,959	26,349	26,009	20,513
Time deposits	33,588	981	13,748	12,854	16,123
Cash and bank balances	13,947	47,813	46,649	66,349	39,990
	188,493	361,044	332,113	354,892	409,090
Current liabilities					
Trade and retention payables	44,974	115,472	120,409	116,461	138,244
Other payables and accruals	9,904	62,801	62,566	99,640	148,273
Due to related companies	62,000	60,700	–	–	–
Loan from a related company	–	–	8,500	–	–
Interest-bearing bank borrowings	15,074	26,000	–	45,000	10,000
Finance lease payables	–	–	–	450	456
Tax payable	3,654	3,945	5,500	5,258	8,042
	135,606	268,918	196,975	266,809	305,015
Net current assets	52,887	92,126	135,138	88,083	104,075

Our current assets mainly included contract assets and trade receivables, prepayments, deposits and other receivables, due from a director, other financial assets at amortised cost, other financial assets at fair value through profit or loss, pledged deposits, time deposits, and cash and bank balances. Our current liabilities mainly included trade and retention payables, other payables and accruals, due to related companies, loan from a related company interest-bearing bank borrowings, finance lease payables and tax payable.

We recorded net current assets of approximately HK$52.9 million, HK$92.1 million, HK$135.1 million, HK$88.1 million and HK$104.1 million as at 31 March 2016, 2017, 2018, 31 July 2018 and 30 November 2018, respectively.

The increase in the current assets from 31 July 2018 to 30 November 2018 was mainly due to the increase of approximately HK$78.9 million in contract assets and trade receivables, which was partially offset by the decrease in cash and bank balances of approximately HK$26.4 million.

The increase in the current liabilities from 31 July 2018 to 30 November 2018 was mainly due to the increase of approximately HK$48.6 million in other payables and accruals and the increase of approximately HK$21.8 million in trade and retention payables, which was partially offset by the decrease in interest-bearing bank borrowings of approximately HK$35.0 million.

The increase in the current assets from 31 March 2018 to 31 July 2018 was mainly due to the increase of approximately HK$19.7 million in cash and bank balances.

The increase in the current liabilities from 31 March 2018 to 31 July 2018 was mainly due to the increase of approximately (i) HK$37.1 million in other payables and accruals and (ii) HK$45.0 million in interest-bearing bank borrowings. Such increase was partially offset by the decrease of approximately HK$8.5 million in loan from a related company.

The decrease in the current assets from 31 March 2017 to 31 March 2018 was mainly due to (i) a decrease of approximately HK$13.9 million in contract assets and trade receivables; (ii) a decrease of approximately HK$13.0 million in prepayments, deposits and other receivables; (iii) a decrease of approximately HK$9.9 million in other financial assets at fair value through profit or loss; (iv) a decrease of approximately HK$5.0 million in other financial assets at amortised cost; and (v) a decrease of approximately HK$1.2 million in cash and bank balances. Such decreases were partially offset by an increase of approximately HK$12.8 million in time deposits.

The decrease in the current liabilities from 31 March 2017 to 31 March 2018 was mainly due to (i) a decrease of approximately HK$0.2 million in other payables and accruals; and (ii) a decrease of approximately HK$26.0 million in interest-bearing bank borrowings. Such decreases were partially offset by an increase of approximately HK$4.9 million in trade and retention payables.

The increase in the current assets from 31 March 2016 to 31 March 2017 was mainly due to (i) an increase of approximately HK$144.9 million in contract assets and trade receivables; (ii) an increase of approximately HK$12.4 million in prepayments, deposits and other receivables; (iii) an increase of approximately HK$9.9 million in other financial assets at fair value through profit or loss; (iv) an increase of approximately HK$5.0 million in other financial assets at amortised cost; and (v) an increase of approximately HK$33.9 million cash and bank balances. Such increases were partially offset by a decrease of approximately HK$32.6 million in time deposits.

The increase in the current liabilities from 31 March 2016 to 31 March 2017 was mainly due to (i) an increase of approximately HK$70.5 million in trade and retention payables; (ii) an increase of approximately HK$52.9 million in other payables and accruals; and (iii) an increase of approximately HK$10.9 million in interest-bearing bank borrowings.

INDEBTEDNESS

The table below sets forth the breakdown of our indebtedness as at the dates indicated:

	As at 31 March			As at 31 July	As at 30 November
	2016	2017	2018	2018	2018
	HK$000	*HK$000*	*HK$000*	*HK$000*	*HK$000*
Due to related companies	62,000	60,700	–	–	–
Loan from a related company	8,500	8,500	8,500	–	–
Bank loans	15,074	26,000	–	45,000	10,000
Finance leases obligations	–	–	–	1,358	1,209
Total	85,574	95,200	8,500	46,358	11,209

Bank loans

Our Group had bank loans of approximately HK$15.1 million, HK$26.0 million, nil, HK$45.0 million and HK$10.0 million as at 31 March 2016, 2017 and 2018, 31 July 2018 and 30 November 2018, respectively. Our Group's bank loans were primarily used in financing of operational activities. The increase in our Group's bank loans of approximately HK$10.9 million during the year ended 31 March 2017 was mainly due to financing of operational activities. The decrease in our Group's bank loans of approximately HK$26.0 million during the year ended 31 March 2018 was mainly due to repayment of bank loans. The increase in our Group's bank loans from approximately nil as at 31 March 2018 to HK$45.0 million as at 31 July 2018, which was mainly due to financing of operational activities. The decrease in our Group's bank loans from approximately HK$45.0 million as at 31 July 2018 to HK$10.0 million as at 30 November 2018, which was mainly due to the repayment of bank loans. As at the Latest Practicable Date, our Group did not have any bank loan.

The interest rates on our Group's bank borrowings were HIBOR plus 1.75% to 2.75%, HIBOR plus 1.20% to 2.75% and HIBOR plus 1.30% to 1.55% per annum for the years ended 31 March 2016, 2017 and the four months ended 31 July 2018, respectively.

Our bank loans comprise secured bank loans and unsecured bank loans. As at 31 March 2016 and 2017, 31 July 2018 and 30 November 2018, the bank loans were guaranteed by our Directors. Our Directors confirm that the personal guarantees provided by our Directors will be released and replaced by a corporate guarantee provided by our Company upon Listing.

During the Track Record Period, the bank loan agreements were entered into with the lenders under normal standard terms and conditions and do not contain any special restrictive covenants. During the Track Record Period, none of our lenders have claimed default against us under any of the terms in the bank loan agreements.

Finance lease obligations

Our finance lease obligations amounted to nil, nil, nil, approximately HK$1.4 million and approximately HK$1.2 million as at 31 March 2016, 2017 and 2018, 31 July 2018 and 30 November 2018. Our finance lease obligations increased from nil as at 31 March 2018 to approximately HK$1.4 million as at 31 July 2018, which was mainly due to the purchase of vehicle for business operations.

Our Directors confirm that our Group has not experienced any difficulty in obtaining bank borrowings, default in payment on bank borrowings or breach of finance covenants during the Track Record Period and that they do not foresee any difficulty in obtaining bank borrowing.

As at 31 March 2016, 2017 and 2018, 31 July 2018 and 30 November 2018, the bank loans and finance lease obligations were repayable as follows:

	As at 31 March			As at 31 July	As at 30 November
	2016	2017	2018	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year or on demand	15,074	26,000	–	45,450	10,456
After 2 years but within 5 years	–	–	–	908	753
	15,074	26,000	–	46,358	11,209

Notwithstanding the specified repayment schedules as stated in the bank facilities letters which allow the interest-bearing bank borrowings to be repaid over a period of more than one year, certain banking facilities granted to our Group include a clause that gives the banks the unconditional rights to call the bank loans at any time ("**Repayment On Demand Clause**"). The bank loans subject to the Repayment On Demand Clause amounted to approximately HK$15.1 million, HK$26.0 million, nil, HK$45.0 million and HK$10.0 million as at 31 March 2016, 2017 and 2018, 31 July 2018 and 30 November 2018, respectively, which were therefore classified as current liabilities.

Save as aforesaid or otherwise disclosed herein, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, debentures, finance lease obligations or material contingent liabilities or guarantees outstanding as at 30 November 2018.

As at 30 November 2018, we had unutilised banking facilities of approximately HK$148.0 million, which were secured and under the unlimited guarantees provided by Mr. KY Tsang and Mr. Jerry Tsang. The guarantees will be released upon Listing and replaced by a corporate guarantee provided by our Company.

WORKING CAPITAL

Taking into account the financial resources available to our Group, including the available cash and cash equivalents, bank facilities, cash flows generated from our operations, and the estimated net proceeds from the Share Offer, our Directors are of the view that our Group has available sufficient working capital for our present requirements for at least the next 12 months commencing from the date of this prospectus.

CAPITAL EXPENDITURE

During the Track Record Period, we incurred capital expenditures for the purchase of equipment, furniture and fixture, and motor vehicles. Our capital expenditures were approximately HK$1.4 million, HK$1.3 million, HK$0.9 million and HK$1.2 million for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, respectively. We principally funded our capital expenditures through internal resources.

We expect to incur approximately HK$0.4 million capital expenditure for the four months ending 31 March 2019 for renovation of new office.

We expect to meet future capital expenditure requirements through our available cash and cash equivalents, cash generated from our operations and existing available bank facilities, as well as net proceeds from the Share Offer. Where our Directors consider appropriate and necessary, we may raise additional funds on terms that are acceptable to us.

OPERATING LEASE ARRANGEMENT

The Group leases certain of its office properties, car parks, warehouses and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years.

At the end of each year of the Track Record Period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	3,636	3,106	4,181	3,603
In the second to fifth years, inclusive	2,009	457	2,185	1,271
	5,645	3,563	6,366	4,874

CONTINGENT LIABILITIES

At the end of each year of the Track Record Period and as at the Latest Practicable Date, the contingent liabilities of the Group not provided for in the financial statements were as follows:

	As at 31 March			As at 31 July	As at the Latest
	2016	2017	2018	2018	Practicable Date
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Performance bonds	62,326	69,615	55,608	56,153	30,083

The Group provided unlimited guarantees to certain banks in respect of performance bonds in relation to subsidiaries. Certain of these performance bonds granted were secured by time deposits amounting to approximately HK$10.3 million, HK$9.9 million, HK$11.3 million, HK$10.5 million and HK$5.0 million as at 31 March 2016, 2017, 2018, as at 31 July 2018 and the Latest Practicable Date, respectively.

These performance bonds are expected to be released in accordance with the terms of the respective construction contracts. Since 31 March 2018 up to the Latest Practicable Date, save for the guarantees given on these performance bonds, we had no material contingent liabilities.

In the ordinary course of our Group's construction business, our Group has been subject to a number of claims due to personal injuries suffered by employees of our Group or our Group's subcontractors in accidents arising out of and in the course of their employment. Our Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of our Group.

As at the Latest Practicable Date, save as disclosed above, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or any other material contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

Subsequent to the Track Record Period and up the Latest Practicable Date, our Group had not entered into any material off-balance sheet commitments or arrangement.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in note 30 to the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or that such terms were no less favourable to us than terms available from Independent Third Parties and were fair and reasonable and in the interest of our Company and our Shareholders as a whole.

KEY FINANCIAL RATIOS

The table below sets forth our selected key financial ratios during the Track Record Period:

	As at/for the year ended 31 March			As at/for the four months ended 31 July
	2016	**2017**	**2018**	**2018**
Gross profit margin*(Note 1)*	10.1%	7.8%	7.9%	6.1%
Net profit margin*(Note 2)*	4.8%	4.4%	4.2%	1.0%
Gearing ratio*(Note 3)*	22.5%	26.3%	N/A	49.4%
Current ratio*(Note 4)*	1.4 times	1.3 times	1.7 times	1.3 times
Return on equity*(Note 5)*	30.1%	32.2%	29.5%	N/A
Return on assets*(Note 6)*	9.6%	8.4%	12.3%	N/A

Notes:

1. The gross profit margin is calculated by dividing the gross profit by the revenue for the respective year/period multiplied by 100%.

2. The net profit margin is calculated by dividing the net profit by the revenue for the respective year/period multiplied by 100%.

3. The gearing ratio is calculated by dividing total bank borrowings, bank overdrafts and obligation under a finance lease with total equity as at the end of respective year/period multiplied by 100%.

4. The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective year/period.

5. Return on equity equals the net profit attributable to Shareholders divided by the total equity as at the end of the respective year/period multiplied by 100%.

6. Return on assets is calculated by the net profit for the year divided by the total assets as at the end of the respective year/period multiplied by 100%.

Gross profit margin

Our gross profit margin decreased from approximately 10.1% for the year ended 31 March 2016 to approximately 7.8% for the year ended 31 March 2017 due to the decrease in gross profit margin of building construction works and RMAA works services, respectively. Our gross profit margin remained relatively stable at approximately 7.8% and 7.9% for the years ended 31 March 2017 and 2018. Our gross profit margin decreased from approximately 8.6% for the four months ended 31 July 2017 to approximately 6.1% for the four months ended 31 July 2018 due to the decrease in gross profit margin of building construction works and RMAA works services, respectively.

Net profit margin

Our net profit margin decreased from approximately 4.8% for the year ended 31 March 2016 to approximately 4.4% for the year ended 31 March 2017, primarily due to increased administrative expenses. Our net profit margin remained stable at approximately 4.4% and 4.2% for the year ended 31 March 2017 and 2018. Our net profit margin decreased from approximately 5.3% for the four months ended 31 July 2017 to approximately 1.0% for the four months ended 31 July 2018, primarily due to (i) the decrease in gross profit margin and (ii) the increase in listing expenses for the four months ended 31 July 2018.

Gearing ratio

Our gearing ratio increased from approximately 22.5% as at 31 March 2016 to 26.3% as at 31 March 2017 mainly because of the increase in interest-bearing bank borrowings from approximately HK$15.1 million as at 31 March 2016 to HK$26.0 million as at 31 March 2017. Our gearing ratio decreased from approximately 26.3% as at 31 March 2017 to nil as at 31 March 2018 due to the settlement of the interest-bearing bank borrowings during the year ended 31 March 2018. Our gearing ratio increased from nil as at 31 March 2018 to approximately 49.4% as at 31 July 2018 mainly because of the increase in interest-bearing bank borrowings from nil as at 31 March 2018 to HK$45.0 million as at 31 July 2018.

Current ratio

Our current ratio remained stable at 1.4 and 1.3 times for the years ended 31 March 2016 and 2017. Our current ratio increased from approximately 1.3 times as at 31 March 2017 to approximately 1.7 times as at 31 March 2018, primarily due to the settlement of interest-bearing bank borrowings. Our current ratio decreased from approximately 1.7 times as at 31 March 2018 to approximately 1.3 times as at 31 July 2018, primarily due to the increase in interest-bearing bank borrowings.

Return on equity

Our return on equity increased from approximately 30.1% for the year ended 31 March 2016 to approximately 32.2% for the year ended 31 March 2017, primarily because of the increase in net profit. Our return on equity decreased from approximately 32.2% for the year ended 31 March 2017 to approximately 29.5% for the year ended 31 March 2018, primarily because of the increase in net assets.

Return on assets

Our return on asset decreased from approximately 9.6% for the year ended 31 March 2016 to approximately 8.4% for the year ended 31 March 2017, primarily due to the increase in our current assets and trade receivables for the year ended 31 March 2017. With the decrease of our total assets, the return on asset increased from approximately 8.4% for the year ended 31 March 2017 to approximately 12.3% for the year ended 31 March 2018 primarily due to the increase in profit and total comprehensive income for the year/period attributable to the equity holder of the Company.

FINANCIAL RISK MANAGEMENT

During our conduct of business, we are exposed to various types of market risks including, credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk that a counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to our Group. Our Group's credit risk is primarily attributable to bank balances, contract assets and trade receivables and other receivables.

Our Group's maximum credit risk exposure at the end of each Track Record Periods in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the combined statements of financial position.

Our management monitors the creditworthiness and payment patterns of each debtor closely and on an ongoing basis. Our Group's trade receivable from contract work represent interim billings or retentions certified by the customers under terms as stipulated in the contracts and our Group does not hold any collateral over these receivables. As our Group's customers in respect of contract work primarily consist of main contractors in construction industry, property developers or owners with strong financial backgrounds, our management considers that the risk of irrecoverable receivables from contract work is not significant.

The following table demonstrates the concentrations of credit risk of the total contract assets and trade receivables which were due from our Group's largest external customer and our Group's five largest external customers, respectively.

	As at 31 March			As at 31 July
	2016	2017	2018	2018
Percentage of total contract assets and trade receivables due from:				
Group's largest external customer	21.5%	45.2%	34.2%	32.0%
Group's five largest external customers	82.7%	92.1%	92.0%	89.7%

Note: Our Group undertook a building construction project with, to the best knowledge and belief of our Directors, a subsidiary of this customer which is a private company in Hong Kong.

Liquidity risk

Our liquidity risk is primarily attributable to the risk that we may not be able to meet our financial obligations as they fall due. To ensure that we will always have sufficient liquidity to meet our liabilities when they fall due, our policy is to monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our short and long-term liquidity requirements. In particular, our Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance our Group's operations and mitigate the effects of fluctuations in cash flows. Our Group relies on internally generated funding and borrowings as significant sources of liquidity.

DIVIDEND POLICY

During the year ended 31 March 2016, 2017 and 2018, the four months ended 31 July 2018 and the period from 31 July 2018 up to the Latest Practicable Date, dividends of nil, nil, nil, HK$50 million and nil, respectively, were declared by the Board and distributed to the then shareholder and were settled in full.

Following completion of the Share Offer, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and amount of dividends declared by our Board will depend upon our Group's (a) overall results of operation; (b) financial position; (c) capital requirements; (d) shareholders' interests; (e) future prospects; and (f) other factors which our Board deems relevant.

Prospective investors should note that historical dividend distributions are not indicative of our future dividend distribution and there is no guarantee that dividends will be paid in the future. After completion of the Share Offer, our Directors' priority will be to retain earnings in order to facilitate capital growth and expansion of our Group. We expect to pay not less than 30% of our distributable net profit for the year ending 31 March 2019 as dividends. However, we cannot guarantee that we will be able to make any dividend distributions in the aforesaid proportion of net profit or at all in any future year beyond 2019.

DISTRIBUTABLE RESERVES

As at the 31 July 2018, our Company has no distributable reserves available for distribution to our Shareholders.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that since 31 July 2018 (being the date to which the latest audited combined financial information of our Group was made up) and up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group.

LISTING EXPENSES

The total estimated listing expenses in connection with the Share Offer are approximately HK$30.3 million (based on the mid-point of the Offer Price of HK$0.6875 per Offer Share), of which approximately HK$4.6 million and HK$5.7 million had been charged to our combined statements of profit or loss and other comprehensive income for the year ended 31 March 2018, and the four months ended 31 July 2018 and approximately HK$6.4 million is expected to be charged to our combined statements of profit or loss and other comprehensive income for the eight months ending 31 March 2019 and the remaining amount of approximately HK$13.6 million is expected to be accounted for as a deduction from equity upon the Listing.

Our Directors consider that our financial results will be affected by the expenses in relation to the Share Offer as we expect to recognise approximately HK$6.4 million in the combined statements of profit and loss and other comprehensive income for the eight months ending 31 March 2019. Accordingly, the financial performance for the eight months ending 31 March 2019 is expected to be adversely affected by the estimated expenses in relation to the Listing.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to the section headed "Unaudited pro forma financial information" in Appendix II to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As at the Latest Practicable Date, our Directors confirm that there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

BUSINESS OBJECTIVES AND STRATEGIES

Our business objectives are to strengthen our position in the construction industry in Hong Kong and further expand our business operations with a view to create long-term Shareholders' value. For further details, please refer to the section headed "Business" in this prospectus.

REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS

Reasons for the Share Offer

(A) Business opportunities and growth drivers in view of the industry outlook

According to the Ipsos Report, the gross output value of the overall construction works performed at construction sites in Hong Kong increased from approximately HK$124.4 billion in 2012 to approximately HK$196.6 billion in 2017 at a CAGR of approximately 9.6%, and is expected to grow to approximately HK$233.6 billion in 2022 at a CAGR of approximately 2.8%. During the Track Record Period, our Group strived to expand our business operations, strengthen our market position and capture the market growth through the provision of quality construction services. As a result of our effort, our Group had experienced significant growth in revenue by approximately 132.2% from approximately HK$422.3 million for the year ended 31 March 2016 to approximately HK$980.8 million for the year ended 31 March 2018. We had also enjoyed significant increase in net profit by approximately 105.0% from approximately HK$20.2 million for the year ended 31 March 2016 to approximately HK$41.4 million for the year ended 31 March 2018. Under the leadership of our management, we have demonstrated our capability in significantly excelling the performance of the overall construction industry in Hong Kong during the Track Record Period.

Our Directors reasonably believe that our business is expected to continue to expand taking into account, among others, our projects currently on hand, the tenders that we have submitted subsequent to the Track Record Period, and the more sizeable tenders we plan to submit for upon the Listing leveraging on our enhanced financial resources. In addition, the overall construction industry in Hong Kong is anticipated to continue to grow in the near future in light of (i) the Government's initiative to increase housing supply and commercial land supply; (ii) commencement of various urban renewal and redevelopment projects; and (iii) increase in land supply for building construction in new development areas, according to Ipsos. Leveraging on our historical growth and our strengthened capability in undertaking more sizeable projects subsequent to the Listing, our Directors believe that we are well positioned to capture the new business opportunities and market growth. Moreover, given that the construction industry in Hong Kong is relatively fragmented and our Group only held approximately 0.4% and 0.4% of the total industry output value in the building construction and RMAA works markets in 2017, respectively, our Directors are confident that there will be considerable business opportunities, growth drivers and room in the industry to justify our planned expansion and for our Group to grow and solidify our market share and position.

(B) Funding requirements to finance our projects and capture further business opportunities

In line with the industry norm and as security for our due performance under the relevant contracts, our customers in the private sector may, on a project-by-project basis, require our Group to provide surety bonds in an amount of not more than 10% of the total contract sum issued by a bank or insurance company after the project is being awarded to us. During the Track Record Period, we undertook seven projects with

an aggregate contract value of approximately HK$1,527.1 million (representing approximately 36.6% of the total awarded contract sum of the major projects we undertook during the same period), under which we provided surety bonds in the total amount of approximately HK$102.2 million. As at the Latest Practicable Date, our Group had provided four surety bonds for four projects that our Group undertook in the total amount of approximately HK$30.1 million issued by banks in favour of four of our customers in the private sector.

Our Directors, having reviewed the terms and conditions of the tender invitations we received during the Track Record Period and up to the Latest Practicable Date, believe that (i) the surety bond requirements, where relevant, would apply to all bidders regardless of whether the relevant bidder is a private company or a listed company; and (ii) none of the tender invitations we received included listing status as a prerequisite for bidding. Nevertheless, as advised by Ipsos, it is the industry norm for customers to consider the contractors' financial condition when evaluating their tender submissions. Thus, our Directors are of the view that a Listing status would enable us to better compete, and increase our chance of successfully tendering, for the construction projects as it would enhance our financial capabilities, internal control, corporate governance and financial transparency, thereby boosting the confidence of our customers on our Group.

Should we be able to raise additional capital through equity financing, we will have larger sum of cash available to satisfy the requirements for issuance of surety bonds for construction projects of larger contract value, and therefore be able to meet the pre-qualifications of tenders prescribed by our potential customers in the private sector and be eligible to tender for larger construction projects, while at the same time without having to impose significant pressure on our cash-flow status.

During the Track Record Period, we have received 13 major tender invitations (i.e. with value of tender exceeding HK$550 million each) with an aggregate tender value of HK$19,693.1 million (of which nine of them required the provision of surety bonds in the aggregate amount of approximately HK$1,027.4 million) for which we have made tender submissions but were unsuccessful in such tender submissions. Having considered (i) our tender success rates of 18.3%, 22.1%, 5.8% and 16.1% during the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018; (ii) the 13 projects had different commencement dates and construction periods; and (iii) our commercial decision to maintain long term business relationship with the relevant customers, we took an active participatory strategy and made tender submissions for all these 13 projects. Nevertheless, taking into account (i) the significant finance costs to be incurred to satisfy the surety bonds requirements; (ii) our disciplined financial strategy to achieve sustainable development and growth by ensuring a cash level sufficient to support our Group's existing operations and avoiding aggressive gearing; (iii) a sufficient level of working capital buffer is imperative given the mismatch of cash inflow and outlay is inherent to the nature of our business operations (especially at the early stage of projects); and (iv) our then limited financial resources might not be sufficient to allow us to undertake several significant projects at the same time, we adopted a less competitive pricing approach in setting the tender prices for these projects so as to cover the significantly larger finance costs for such potential projects and better control the number of significant projects we would undertake concurrently at the same period of time. While such tendering strategy was in line with our prudent financial management approach, this might inevitably limit our chance of being successful in the tenders, as evidenced by our Group failing to successfully compete for any of such projects.

Having considered that (i) various reputable property developers were willing to, and had invited us to tender for projects with the total contract sum exceeding HK$550 million each; (ii) our 35 years of established experience in the construction industry under the leadership of our strong top management; (iii) experience of our project management team members in handling sizeable and reputable projects; (iv) the recent award and commencement of the Kwai Chung Project regarding an industrial development with an awarded contract sum of approximately HK$508.5 million and the recent award of the Pak Shek Kok Project regarding a residential development with an awarded contract sum of approximately HK$1,133.0 million; and (v) the award by several reputable organisations in Hong Kong of the Quality Building Award 2018 to our Group in recognition of our construction capabilities, our Directors believe that we have the necessary industry knowledge and experience, qualified personnel, capabilities and business opportunities in undertaking projects of larger total contract sum, in particular with a contract sum of HK$550 million and/or more each in order to upgrade our qualifications with WBDB and the Housing Authority (for further details, please refer to the section headed "Business – Business strategies – Continue to strengthen our market position in the industry and expand our market share in Hong Kong" in this prospectus).

Moreover, with our enhancing financial resources and capabilities, we were able to secure the award of three building construction projects in progress as at the Latest Practicable Date with an individual awarded contract sum that exceeds HK$400.0 million, whereas none of the projects completed during the Track Record Period had an awarded contract sum reaching or exceeding such amount.

As at the Latest Practicable Date, our Group was awarded with building construction projects in the private sector including the (i) Sai Kung Project with an awarded contract sum of approximately HK$207.6 million and construction period of approximately 455 calendar days from August 2018 to November 2019; (ii) Kwai Chung Project with an awarded contract sum of approximately HK$508.5 million and construction period from March 2018 to November 2019; and (iii) Pak Shek Kok Project with an awarded contract sum of approximately HK$1,133.0 million and construction period of approximately 720 calendar days (the commencement date of such project, which shall be upon the instruction of the architect of the customer, was pending as at the Latest Practicable Date). Based on the reasonable estimation of our Directors having due regard to the experience in our historical building construction projects, we are generally required to (i) pay in advance or reserve a sum amounting to approximately 4% to 14% of the total awarded contract sum to satisfy the upfront cost and working capital requirements (including, without limitation, the engagement of subcontractors, payment of construction material costs and possible delay in payment from our customers); or (ii) reserve a certain percentage of our average monthly operating expenses for the execution and ongoing operations of our major projects. As such, we have reserved (based on our historical figures as reference) approximately HK$39.0 million (representing 50% of our average monthly operating expenses of approximately HK$78.0 million for the year ended 31 March 2018) as working capital for the ongoing operations of our existing projects (including the Sai Kung Project and the Kwai Chung Project). Our Directors also reasonably estimate (based on the historical figures as reference) that we would be required to pay upfront costs (including cost of the required surety bond) and working capital in the range of approximately HK$45.3 million to HK$158.6 million for the Pak Shek Kok Project. As our cash and bank balances were approximately HK$66.3 million and HK$40.0 million as at 31 July 2018 and as at 30 November 2018, respectively, and that our unutilised and available bank facilities was approximately HK$148.0 million as at 30 November 2018, our existing financial resources are heavily committed to our existing projects and the newly awarded projects, in particular the Sai Kung Project, the Kwai Chung Project and the Pak Shek Kok Project, given the large scale of the projects and the relatively larger upfront cost required and working capital requirements of such projects. As such, our existing financial resources would

be limited without the support of our net proceeds from the Share Offer or without securing additional debt financing with favourable terms amid current market environment, and our Group may be restricted to only undertake new projects that are smaller in size than that of our latest awarded project concurrently with our latest awarded sizeable projects, hence would hinder the pace of growth of our Group. Furthermore, the gearing ratio of our Group would increase significantly if we fully utilise the available bank facilities of approximately HK$148.0 million as at 30 November 2018 and further enter into new bank borrowings to financially support our existing projects, newly awarded projects and further new projects to be potentially awarded having considered the 11 building construction projects currently under tender with results pending. Our Directors are of the view that our Group having a high gearing ratio would result in our Group having less attractive financing terms offered by banks and other financial institutions, as well as being rated less favourably by the customers when they assess our financial condition during the evaluation of tender submissions, hence would greatly prohibit our Group from expanding our scale of operations and in maintaining and enhancing our market position in the industry.

Subsequent to the Track Record Period, all existing projects on hand have continued to contribute revenue to our Group and our Directors do not note any material interruption of progress works, material delay or any other exceptional situation for such existing projects. For further details with regard to the status of our projects in progress as at the Latest Practicable Date, please refer to the section headed "Summary – Recent development" in this prospectus. In addition, our Group has tendered for 13 building construction projects and 42 RMAA works projects subsequent to the Track Record Period, of which two and 24 tenders for building construction projects and RMAA works projects were being rejected, respectively, and the tender results for the remaining projects were still pending as at the Latest Practicable Date. Among these newly tendered projects, two building construction projects have tender value of approximately HK$800.1 million and HK$450.0 million, respectively, and required the provision of surety bonds in the estimated amount of approximately HK$46.9 million and HK$45.0 million, respectively. The 18 RMAA works projects we tendered for (with results pending as at the Latest Practicable Date) have total tender value of approximately HK$95.5 million.

The following table sets forth the particulars of the aforementioned 11 tendered building construction projects subsequent to the Track Record Period with results pending as at the Latest Practicable Date:

Type of customer(s)	Particulars of project(s)	Background of customer(s)	Approximate aggregate tender value *HK$'000*	Estimated approximate aggregate amount of surety bond required *HK$'000*	Expected date of release of tender results
Existing customers *(Note)*	Four building construction projects including a proposed commercial redevelopment, the supply and installation of timber doors for two proposed residential developments and a proposed office development, where one of such projects has a tender value that exceeds HK$550 million	Wholly-owned subsidiaries of prominent listed property developers in Hong Kong which were listed on the Stock Exchange, a joint venture held by a prominent listed property developer in Hong Kong which was listed on the Stock Exchange and a private property developer in Hong Kong	1,036,278	70,541	February 2019 to March 2019
New customers	Seven building construction projects including one proposed composite developments, a proposed industrial building redevelopment, the construction of the Government's departmental quarters, the conversion of swimming pools, the construction of station square, a proposed commercial development and a proposed hotel development, where two of such projects both have a tender value that exceeds HK$550 million	Architectural Services Department, a wholly-owned subsidiary of a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, a wholly-owned subsidiary of a joint venture partially held by a prominent listed property developer in Hong Kong which was listed on the Stock Exchange, a subsidiary of a prominent property developer in Hong Kong and the PRC which was listed on the Stock Exchange, and a private company incorporated in Hong Kong	2,928,467	145,577	January 2019 to March 2019

Note: This includes a customer that is a joint venture held by our existing customer and a new customer.

Taking into account the necessity to retain reasonable level of working capital buffer to support our general operations and benefits of equity financing to support our long term development (further details of which are set out in the paragraphs below), we intend to utilise part of our net proceeds from the Share Offer to satisfy (i) the upfront costs and working capital requirements (including, without limitation, the

engagement of subcontractors and payment of construction material costs) of the Pak Shek Kok Project; and (ii) the possible payments to banks or insurance companies for issuance of surety bonds to our customers under the new projects we tendered for. Should the Pak Shek Kok Project (and the relevant payment of upfront costs and working capital) commence before the Listing, it is the present intention of our Directors to fund such payment through our internal financial resources and bank borrowings, while utilising the relevant net proceeds from the Share Offer so reserved on other new projects we tendered for.

Our Directors therefore consider that if we are to maintain our competitiveness and ensure sustainable business growth by undertaking more projects (whether of similar or larger contract sum), it would be vital for us to enhance our available financial resources and strengthen our liquidity position such that we would be financially capable of funding the resulting increase in operating expenses and the issue of surety bonds.

(C) Current reliance on operating cash flows to fund operations may result in our Group not having sufficient surplus cash to support our planned business expansion

As a main contractor who principally engages in the provision of building construction and RMAA works services in Hong Kong, we are usually required to incur significant working capital as start-up costs in early stage of a project. For each project that we undertake, we generally pay a considerable sum for, among others, the purchase of construction materials and subcontracting costs. Our customers do not usually pay any upfront payment or deposits to us and we normally receive progress payment until our works are certified by our customer or its authorised persons at later stages of the relevant project. As such, we generally incur net cash outflows at the early stage of our projects and may suffer from cash flow shortcomings. The extent of the cash flow mismatch could also be illustrated by the differences between our trade payables turnover days and trade receivable turnover days. For the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, our trade payable turnover days were approximately 28 days, 30 days, 31 days and 26 days, respectively, while our trade receivables turnover days were approximately 32 days, 44 days, 52 days and 46 days, respectively, which are further discussed in the section headed "Financial Information" in this prospectus.

In addition, as at 31 March 2016, 2017 and 2018 and 31 July 2018, our cash and bank balances (including time deposits) were approximately HK$47.5 million, HK$48.8 million, HK$60.4 million and HK$79.2 million, respectively, whereas our trade payables amounted to approximately HK$26.2 million, HK$83.7 million, HK$71.9 million and HK$66.0 million, respectively. Should our customers fail to settle the progress payments in time, we may not have sufficient cash as expected to meet our payment obligations in relation to the costs incurred in our projects.

Besides, for the year ended 31 March 2018, our Group's total operating expenses (primarily representing our cost of sales, administrative expenses and finance costs) amounted to approximately HK$936.1 million, representing an average monthly operating expenses of approximately HK$78.0 million for the corresponding year. Our cash and bank balances (including time deposits) of approximately HK$56.1 million as at 30 November 2018 was only able to fund our Group's operating costs for less than one month based on our then operation scale. Even assuming we fully utilise the available bank facilities of approximately HK$148.0 million as at 30 November 2018 and taking to account our cash and bank balances (including time deposits) of approximately HK$56.1 million as at the same date, our cash position would only be able to fund our Group's operating costs for around two months based on our historical operation scale. We therefore rely considerably on our operating results and cash flows to fund our day-to-day

operations, and hence our capacity to implement our business strategies and plans to foster our growth and create greater return and value for our Shareholders would be limited without the support of the net proceeds from the Share Offer.

We endeavour to adopt a prudent financial management strategy and strive to maintain at all material times a reasonable level of working capital buffer to support our general operations, funding obligations and capital commitment while providing room for undertaking new projects and avoiding excessive or unnecessary borrowings. Since the bank facilities are of short-term nature and the utilisation of which would significantly increase our current liabilities making it difficult for our Group to properly finance our long-term investment and growth, our Directors believe that equity fundraising would be more sensible and preferable in this regard.

(D) It would be difficult for us to obtain further bank borrowings without reliance on personal guarantees and/or other collaterals provided by our Controlling Shareholders

Our unutilised available bank facilities of approximately HK$136.0 million as at 30 April 2018 were secured by unlimited personal guarantees provided by Mr. KY Tsang, our Controlling Shareholder and executive Director, and Mr. Jerry Tsang, our executive Director. As at 7 September 2018, our Group had obtained and drawn down two interest-bearing revolving loans of HK$20.0 million in aggregate. As a private group of companies and given that we have limited fixed self-owned properties save for a workshop unit of gross floor area of approximately 1,500 square feet in Tuen Mun, New Territories, Hong Kong (the current market value of which is estimated to be approximately HK$4 million by making reference to the recent sale or market price of properties with similar size in the same building), our Directors are of the view that such property might not be considered as security of sufficient value for additional borrowings required taking into account the size of projects we plan to undertake would have tender value exceeding HK$550 million each. Thus, our Directors reasonably believe that it is relatively impracticable for us to obtain significant bank borrowings at commercially justifiable terms, or at all, without heavy reliance on personal guarantees and/or other form of collaterals provided by our Controlling Shareholders.

It has been our long-term strategy to minimise connected transactions and related party transactions in order to achieve operational and financial independence from our Controlling Shareholders, executive Directors and their respective associates and to attain sustainable growth. Continuous reliance on our Controlling Shareholders, executive Directors and their respective associates for provision of personal guarantee and other form of financial assistance is thus a great hindrance to our Group in achieving financial independence. Our Directors therefore consider that it would not be in the interest of our Group to rely on debt financing that involve personal guarantees and/or collaterals provided by our Controlling Shareholders, executive Directors and their respective associates, which however, might not be possible to be achieved by a private group. A listing status would hence not only allow us to obtain bank borrowings at better financing terms as compared to those offered to private companies, but also enable us to have the personal guarantees and securities provided by our Controlling Shareholders and/or executive Directors released and be replaced by corporate guarantees provided by our Company. This would be conducive to our strategy of achieving financial independence and healthy and sustainable business growth.

Our Directors decided to opt for equity financing for the purpose of the expansion plan instead of solely relying on debt financing for the following reasons: (i) the finance costs will result in interest expenses and accordingly increase our Group's gearing ratio, hence resulting in our Group having less attractive financing terms offered by banks and other financial institutions, as well as being rated less favourably by our customers when they assess our financial condition during the evaluation of our tender submissions; (ii) it is not required for us to retain a portion of our business income for loan repayment under equity financing and our Company can retain the flexibility and capability for business development of our Group and for dividend payment; (iii) the market speculation that interest rate in Hong Kong is set to rise

and the use of debt financing for a relatively significant amount and the subsequent renewal of the debt will subject our Group to risk of increasing financing costs; and (iv) debt financing and equity financing are not mutually exclusive, but our Group may have a better position to bargain for more favourable terms from debt financiers if our Group has a larger equity base after the Listing and become a listed company. As such, our Directors are of the view that equity financing would be more preferable to our Group and our Shareholders as a whole than debt financing in raising capital to finance our expansion plan.

In light of the above, our Directors believe that additional funding is required for our Group to enhance our available financial resources and strengthen our liquidity position. Otherwise, it will exert pressure on the working capital of our Group or cause postponement in implementing the expansion plan. Accordingly, our Directors consider that there is a genuine need to raise additional fund from the Listing so as to expand our business and capture the business opportunities in the market. Without the proceeds from the Share Offer, our Group would have to finance the awarded projects and our operations and issuance of surety bonds through (i) cash generated from operations; (ii) banking facilities with stringent financing terms; and (iii) heavy reliance on our Controlling Shareholders by way of advances from related parties, hence limiting our ability to undertake additional potential projects and expand the scale of our operations as planned. Our Directors consider that we can undertake more projects or more sizable projects with the net proceeds from the Share Offer to finance start-up costs of building construction and RMAA works projects.

Our Directors therefore believe that the Share Offer will provide us with the necessary capital to implement our future plans as set out in the section headed "Business" in this prospectus and the paragraph headed "Implementation plans" in this section in order to grow our business at a faster pace.

(E) Commercial rationale for the Listing

The Listing will enable our Company to incentivise our management personnel and other employees by way of offering an equity-based incentive program (such as the Share Option Scheme) to our employees that more directly correlates to their performance. We have adopted the Share Option Scheme which will be effective upon the Listing, the principal terms of which is set forth in the section headed "D. Share Option Scheme" in Appendix IV to the prospectus. We would therefore be in a better position to motivate our employees using the Shares as a means of reward and to create a team of eager and enthusiastic staff with incentive programs that are closely aligned with the objective of creating value for our Shareholders.

As we plan to expand our business and operations, we need to hire additional personnel to execute and implement our expansion plan. The listing status will also help enhance company profile, raise staff confidence and boost employee morale. It will improve our ability to recruit, motivate and retain key management personnel so as to expediently and effectively capture any business opportunities that may arise.

In addition, our Directors believe that the Share Offer will be beneficial to our Company and its Shareholders as a whole, notwithstanding the expenses involved in the Share Offer process and the dilution effect to the Controlling Shareholders, taking into consideration the following reasons:

- a listing status on the Stock Exchange is a complementary way of promoting our Group which reinforces our corporate profile, market recognition and brand awareness and image to further develop our customer base;

- a listing status together with the transparent financial disclosures and regulatory supervision are definite competitive advantages which our customers would give due weight to in a competitive tendering process;

- our creditworthiness will be enhanced from our subcontractors and suppliers' perspective, which may in turn allow our Group to have greater bargaining power over negotiations for trade and credit terms in the future;

- an efficient and sustainable fund-raising platform could be established through the Share Offer, whereby enabling us to gain direct access to the capital market to raise funds for our future expansion instead of having to rely on debt financing from banks prior to the Share Offer; and

- more stringent internal control and corporate governance culture could be instilled through the Share Offer process and for continuous compliance with the Listing Rules requirements.

Our Directors also take the view that the Listing will enhance the liquidity of the Shares which will be freely traded in the Stock Exchange when compared to the limited liquidity of shares that are privately held before the Listing. Hence, our Directors consider that the Share Offer will enlarge and diversify our shareholder base and potentially lead to a more liquid market in the trading of our Shares.

The possible use of proceeds outlined below may change in light of our evolving business needs and conditions and management requirements. In the event of any material modification to the use of proceeds as described below, we will issue announcement and make disclosure in our interim report and/or annual report for the relevant period as required by the Stock Exchange.

In respect of the net proceeds from the Share Offer which are not immediately required for the above purpose as set out in the paragraph headed "Implementation plans" in this section, it is the present intention of our Directors that such proceeds will be placed on short-term interest bearing deposits with authorised financial institutions.

Use of proceeds

Our Directors estimate that the net proceeds from the Share Offer (after deducting the estimated expenses borne by our Group in connection with the Share Offer) will be approximately HK$107.2 million based on an Offer Price of HK$0.6875 per Offer Share (being the mid-point of the indicative Offer Price range between HK$0.625 and HK$0.75 per Offer Share). We intend to apply the net proceeds from the Share Offer as follows:

	From the Latest Practicable Date to 31 March 2019	For the six months ending 30 September 2019	For the six months ending 31 March 2020	For the six months ending 30 September 2020	For the six months ending 31 March 2021	For the six months ending 30 September 2021	For the six months ending 31 March 2022	For the six months ending 30 September 2022	Total	Approximate Percentage
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(%)*
Continue to strengthen our capacity in undertaking more building construction and RMAA works projects in Hong Kong	5,985	29,300	29,300	11,969	–	–	–	–	76,554	71.4
Continue to strengthen our manpower	587	2,583	2,583	2,660	2,660	2,715	2,715	–	16,503	15.4
Upgrade and renovation of our office	615	863	463	463	471	510	510	255	4,150	3.9
Develop engineering and technological innovation	1,706	1,403	216	–	–	–	–	–	3,325	3.1
General working capital	2,231	2,231	2,231	–	–	–	–	–	6,693	6.2
Total	11,124	36,380	34,793	15,092	3,131	3,225	3,225	255	107,225	100.0

We intend to apply the net proceeds from the Share Offer for the purposes and in the amounts as set out below:

- approximately HK$76.6 million, representing approximately 71.4% of the net proceeds from the Share Offer, will be used to further strengthen our capacity in undertaking more building construction and RMAA works projects in Hong Kong, among which:
  - approximately HK$22.7 million, representing approximately 21.2% of the net proceeds from the Share Offer, will be used for the purchase of surety bonds for projects awarded and/or projects which our Group has tendered or intends to tender for; and

  - approximately HK$53.9 million, representing approximately 50.2% of the net proceeds from the Share Offer, will be used to pay construction materials costs and subcontracting costs for our newly awarded projects and the future projects we are tendering for;

- approximately HK$16.5 million, representing approximately 15.4% of the net proceeds from the Share Offer, will be used to employ additional staff to further strengthen our manpower to support our growth, among which:

  - approximately HK$11.5 million, representing approximately 10.7% of the net proceeds from the Share Offer, will be used to recruit new members of our technical team, including project manager, building services manager, senior project coordinator, site clerk, project quantity surveyor, quantity surveyor and safety officer; and

  - approximately HK$5.0 million, representing approximately 4.7% of the net proceeds from the Share Offer, will be used to recruit new staff for forming our information technology team and recruiting new members of our human resources & administration teams, respectively;

- approximately HK$4.1 million, representing approximately 3.9% of the net proceeds from the Share Offer, will be used for office upgrade and renovation, among which:

  - approximately HK$3.2 million, representing approximately 3.0% of the net proceeds from the Share Offer, will be used for payment of rent and management fee of our new office;

  - approximately HK$0.1 million, representing approximately 0.1% of the net proceeds from the Share Offer, will be used for payment of rental deposit of our new office; and

  - approximately HK$0.8 million, representing approximately 0.8% of the net proceeds from the Share Offer, will be used for payment of renovation costs of our new office;

- approximately HK$3.3 million, representing approximately 3.1% of the net proceeds from the Share Offer, will be used for the development of engineering and technological innovation to improve our operational efficiency and enhance our quality of service, among which:

  - approximately HK$1.3 million, representing approximately 1.2% of the net proceeds from the Share Offer, will be used for the development of a disaster recovery plan, which includes the obtaining of essential software licences and backup licence, purchase of relevant required hardware and development of services for server migration and solution;

  - approximately HK$0.7 million, representing approximately 0.7% of the net proceeds from the Share Offer, will be used for the purchase and/or development of essential software for projects, which includes our BIM software and other essential software;

  - approximately HK$0.9 million, representing approximately 0.8% of the net proceeds from the Share Offer, will be used for computers upgrade by replacing old computers and monitors;

  - approximately HK$0.2 million, representing approximately 0.2% of the net proceeds from the Share Offer, will be used for enhancing our tailor-made software program for RMAA works projects; and

  - approximately HK$0.2 million, representing approximately 0.2% of the net proceeds from the Share Offer, will be used for the payment of computer training costs; and

- approximately HK$6.7 million, representing approximately 6.2% of the net proceeds from the Share Offer, will be used for general working capital and general corporate purposes.

If the Offer Price is set at the high-end or the low-end of the proposed Offer Price range, the net proceeds from the Share Offer will increase or decrease by approximately HK$11.7 million, after deducting related expenses, respectively. In this event, we will increase or decrease the allocation of the net proceeds from the Share Offer to the above purposes on a pro-rata basis.

IMPLEMENTATION PLANS

Our implementation plans are set forth below for the period from the Latest Practicable Date to 31 September 2022. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to in the paragraph headed "Bases and key assumptions" below. These bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed "Risk Factors" in this prospectus. Our actual course of business may vary from our business strategies set out in this prospectus. There is no assurance that our plans will materialise in accordance with our expected time frame or that our objectives will be accomplished. While the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the following plans. In the event of any material modifications to the use of proceeds as described above, we will issue announcement in accordance with the Listing Rules and disclose in our annual report for the relevant year as required by the Stock Exchange.

From the Latest Practicable Date to 31 March 2019

Business strategies	Implementation plans	Use of proceeds
Continue to strengthen our capacity in undertaking more building construction and RMAA works projects in Hong Kong	• To carry out a newly awarded building construction project with the contract sum of approximately HK$207.6 million, which includes the engagement of subcontractors and suppliers and the payment of such subcontracting costs and construction materials costs	HK$6.0 million
Continue to strengthen our manpower	• Recruitment of additional staff and payment of salary to such staff, including: – one project manager; – one building services manager; – one senior project coordinator; – one site clerk; – one project quantity surveyor; – one quantity surveyor; – one safety officer; – one information technology technician; – one information technology manager; and – one human resources officer	HK$0.6 million
Upgrade and renovation of our office	• To rent a new office which involves the following costs: – payment of rent and management fee; – payment of rental deposit; and – payment of renovation costs	HK$0.6 million
Develop engineering and technological innovation	• To develop a disaster recovery plan, including: – the obtaining of essential software licences; – purchases of the required equipment and hardware; – the obtaining of the backup essential licence; and – development of services for server migration and solution	HK$1.3 million
	• Computers upgrade by replacing old computers and monitors	HK$0.4 million
General working capital	• To increase working capital in order to secure more building construction and RMAA works projects with a total contract sum of HK$550 million and/or more each	HK$2.2 million
Total		**HK$11.1 million**

For the six months ending 30 September 2019

Business strategies	Implementation plans	Use of proceeds
Continue to strengthen our capacity in undertaking more building construction and RMAA works projects in Hong Kong	• To continue carrying out the newly awarded building construction project and make payment of the relevant subcontracting costs and construction materials costs	HK$18.0 million
	• To tender for and undertake more building construction and RMAA works projects, with HK$11.3 million reserved for satisfying potential customers' requirement for surety bonds	HK$11.3 million
Continue to strengthen our manpower	• Payment of salary to the additional staff recruited	HK$2.6 million
Upgrade and renovation of our office	• Payment of office rent and management fee	HK$0.5 million
	• Payment of renovation costs of the newly rented office	HK$0.4 million
Develop engineering and technological innovation	• To develop our BIM software	HK$1.4 million
	• Computers upgrade by replacing old computers and monitors	
	• Payment of computer training costs	
General working capital	• To increase working capital in order to secure more building construction and RMAA works projects with a total contract sum of HK$550 million and/or more each	HK$2.2 million
Total		**HK$36.4 million**

For the six months ending 31 March 2020

Business strategies	Implementation plans	Use of proceeds
Continue to strengthen our capacity in undertaking more building construction and RMAA works projects in Hong Kong	• To continue carrying out the newly awarded building construction project and make payment of the relevant subcontracting costs and construction materials costs	HK$18.0 million
	• To tender for and undertake more building construction and RMAA works projects, with HK$11.3 million reserved for satisfying potential customers' requirement for surety bonds	HK$11.3 million
Continue to strengthen our manpower	• Payment of salary to the additional staff recruited	HK$2.6 million
Upgrade and renovation of our office	• Payment of office rent and management fee	HK$0.5 million
Develop engineering and technological innovation	• To develop a tailor-made program module for enhancing the software for RMAA works projects	HK$0.2 million
General working capital	• To increase working capital in order to secure more building construction and RMAA works projects with a total contract sum of HK$550 million and/or more each	HK$2.2 million
Total		**HK$34.8 million**

For the six months ending 30 September 2020

Business strategies	Implementation plans	Use of proceeds
Continue to strengthen our capacity in undertaking more building construction and RMAA works projects in Hong Kong	• To continue carrying out the newly awarded building construction project and make payment of the relevant subcontracting costs and construction material costs	HK$12.0 million
Continue to strengthen our manpower	• Payment of salary to the additional staff recruited	HK$2.6 million
Upgrade and renovation of our office	• Payment of office rent and management fee	HK$0.5 million
Total		**HK$15.1 million**

For the six months ending 31 March 2021

Business strategies	Implementation plans	Use of proceeds
Continue to strengthen our manpower	• Payment of salary to the additional staff recruited	HK$2.6 million
Upgrade and renovation of our office	• Payment of office rent and management fee	HK$0.5 million
Total		**HK$3.1 million**

For the six months ending 30 September 2021

Business strategies	Implementation plans	Use of proceeds
Continue to strengthen our manpower	• Payment of salary to the additional staff recruited	HK$2.7 million
Upgrade and renovation of our office	• Payment of office rent and management fee	HK$0.5 million
Total		**HK$3.2 million**

For the six months ending 31 March 2022

Business strategies	Implementation plans	Use of proceeds
Continue to strengthen our manpower	• Payment of salary to the additional staff recruited	HK$2.7 million
Upgrade and renovation of our office	• Payment of office rent and management fee	HK$0.5 million
Total		**HK$3.2 million**

For the six months ending 30 September 2022

Business strategies	Implementation plans	Use of proceeds
Upgrade and renovation of our office	• Payment of office rent and management fee	HK$0.3 million
Total		**HK$0.3 million**

BASES AND KEY ASSUMPTIONS

We have adopted the following principal assumptions in the preparation of the above future plans:

- there will be no material adverse change in the existing government policies or political, legal, fiscal, market or economic conditions in Hong Kong;
- there will be no material changes in legislation or regulations or rules in the operating regions which will adversely affect the business of our Group;
- there will be no material change in the bases (such as inflation, interest rate and foreign exchange rate) or rates of taxation and duties in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;
- we will have sufficient financial resources to meet the planned capital and business development requirements during the period to which the business objective relates;
- our Group will be able to continually obtain adequate finance for our business and operate as a going concern in the foreseeable future. The respective offering financial institutions will not withdraw any of the existing available facilities;
- there will be no change to the existing accounting policies from those stated in the combined audited financial statements of our Group for the Track Record Period;
- the Share Offer will be completed in accordance with and as described in the section headed "Structure and Conditions of the Share Offer" in this prospectus;
- there will be no Share buy-back;
- the listing expenses will be settled in accordance with the payment schedules as stated in the respective mandates with professional parties;
- our Directors and key senior management will continue to be involved in the development of our existing and future development and we will be able to retain our key management personnel;
- we will be able to recruit additional key management personnel and staff when required;

- the payments of staff costs, property rentals and related expenses, and other operating expenses are assumed to be made in the month in which they are incurred;
- there will be no change in the effectiveness of the certifications, licences, permits or approvals obtained by our Group;
- there will be no change in the funding requirement for the business strategies described in this prospectus from the amount as estimated by our Directors;
- our Group will obtain equity and/or debt capital for our future growth when they become necessary;
- our Group's operations will not be adversely affected by interruptions or labour disputes, for reasons that are beyond the control of our Directors;
- we will not be materially and adversely affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus;
- there be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group or cause substantial loss, damage or destruction to its properties or facilities;
- there will not be material changes in the market demand and the competitive landscape of construction industry in Hong Kong;
- our Group is able to retain our major customers, subcontractors and suppliers;
- there will be no change to the credit terms granted to customers and trade receivable turnover days is expected to remain stable; and
- we will be able to continue our operations in substantially the same manner as we have been operating during the Track Record Period and we will also be able to carry out our implementation plans without disruptions.

These bases and assumptions are inherently subject to many uncertainties, variables, and unpredictable factors, in particular the risk factors set forth in the section headed "Risk Factors" in this prospectus. There can be no assurance that our plans will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished at all.

PUBLIC OFFER UNDERWRITERS

VMS Securities Limited
First Shanghai Securities Limited
Future Land Resources Securities Limited
Caitong International Securities Co., Limited
Kam Fai Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company has agreed to offer the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the additional Shares to be issued pursuant to the Capitalisation Issue and pursuant to the exercise of the options which may be granted under the Share Option Scheme) by the Listing Division and to certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally but not jointly agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) shall have the absolute right upon giving a written notice to our Company (on behalf of the other parties thereto other than the Public Offer Underwriters and the Sole Sponsor) to terminate the Public Offer Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. on the Listing Date (which is expected to be on Wednesday, 27 February 2019):

(a) there has come to the notice of the Sole Sponsor, the Joint Bookrunners, any Public Offer Underwriters:

  (i) that any statement contained in this prospectus, any supplemental offering materials, press announcement, the formal notice to be issued on Wednesday, 30 January 2019 by the Company substantially in the agreed form pursuant to the Listing Rules, the road show materials and any other document published or issued by or on behalf of the Company, the Sole Sponsor, the Joint Bookrunners or the Joint Lead Managers for the purpose of or in connection with the Share Offer, considered by the Sole Sponsor, the

Joint Bookrunners and/or the Joint Lead Managers in their sole and absolute discretion, was when the same was issued, or has become, untrue, incorrect or misleading in any material respect; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom considered by the Sole Sponsor, the Joint Bookrunners and/or the Joint Lead Managers in their sole and absolute discretion to be material to the Share Offer; or

(iii) any material breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement (other than on the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters) as determined by the Sole Sponsor, the Joint Bookrunners and/or the Joint Lead Managers in their sole and absolute discretion; or

(iv) any material adverse change or development involving a prospective material change (whether or not permanent) in the business affairs, prospects or the financial or trading position of the Group; or

(v) any material breach of any of the representations, warranties, agreements and undertakings given by the Company, the executive Directors, the Controlling Shareholders (the "**Warranties**") under the Public Offer Underwriting Agreement, as determined by the Sole Sponsor, the Joint Bookrunners and/or the Joint Lead Managers in their sole and absolute discretion; or

(vi) any of the Warranties under the Public Offer Underwriting Agreement is untrue, inaccurate, misleading or breached in any material respect when given or repeated as determined by the Sole Sponsor, the Joint Bookrunners and/or the Joint Lead Managers in their sole and absolute discretion; or

(vii) approval by the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue on the Main Board and the Shares which may be allotted and issued pursuant to the exercise of any option which may be granted under the Share Option Scheme is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) that any of the experts described under "Statutory and General Information – E. Other information – 7. Qualifications of experts" in Appendix IV to this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and reference to its name included in the form and context in which it respectively appears; or

(b) there shall develop, occur, exist, continue to exist or come into effect:

(i) any event or series of events of force majeure providing any Relevant jurisdiction (as defined in (ii) below), beyond the control of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers or the Public Offer Underwriters (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, war, threat of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions, outbreak of diseases or epidemics including SARS and avian influenza and such related/ mutated forms or interruption or delay in transportation); or

(ii) any adverse change or development involving a prospective change, or any event or series of events currently in existence or otherwise, likely to result in any change or development (whether or not permanent) in local, national, regional or international, economic, currency, legal, exchange control, political, military, fiscal or regulatory conditions, circumstances or matters and/or disaster or any monetary or trading settlement systems in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, the United Kingdom, the European Union (or any member thereof), Singapore, Japan or any other jurisdiction relevant to any member of the Group (collectively, the "**Relevant Jurisdictions**", each a "**Relevant Jurisdiction**") (including any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ National Market, the London Stock Exchange, the Tokyo Stock Exchange, the Stock Exchange of Singapore or any of the stock exchanges in the PRC, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency, or any interruption in securities settlement or clearance service or procedures in the Relevant Jurisdictions or anywhere in the world); or

(iii) any new publicly available laws, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees or rulings (the "**Relevant Laws**") of any court, government, governmental or regulatory authority or any other any public, regulatory, taxing, administrative or governmental, agency or authority, any self-regulatory organisation or any securities exchange authority, other authority and any court at the national, provincial, municipal or local level of the Relevant Jurisdictions ("**Government Authority**") or policy or directive or change (whether or not forming part of a series of changes) or development in existing Relevant Laws or policy or directive or in the interpretation or application thereof by any court or Government Authority or other competent authority in the Relevant Jurisdictions; or

(iv) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by, the Relevant Jurisdictions or any other country or organisation on the Relevant Jurisdictions; or

(v) a change or development occurs involving a prospective material change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the Relevant Jurisdictions; or

(vi) any change or development involving a prospective change, or a materialisation of, any of the risks set forth in the section headed "Risk Factors" in this prospectus; or

(vii) any litigation or claim of material importance of any third party being threatened or instigated against any member of the Group; or

(viii) any valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(ix) any material loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(x) a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xi) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent authority) or the Relevant Jurisdictions; or

(xii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting the Relevant Jurisdictions; or

(xiii) there is a change in the system under which the value of the HK$ is linked to that of the US dollar or a devaluation of the HK$ or Renminbi against any foreign currencies; or

(xiv) the commencement by any judicial, regulatory, governmental or political body or organisation of any action, claim or proceedings against any Director or an announcement by any judicial, regulatory, governmental or political body or organisation that it intends to take any such action; or

(xv) a demand by any tax authority for payment for any tax liability for any member of the Group; or

(xvi) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company, or the chairman or chief executive officer of the Company vacating his office; or

(xvii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or

(xviii) a contravention by any member of the Group of the Listing Rules or any applicable laws or regulations in the Cayman Islands, Hong Kong, the PRC and the BVI; or

(xix) a prohibition on the Company for whatever reason from allotting and issuing the Offer Shares (including any Shares to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme) pursuant to the terms of the Share Offer; or

(xx) other than with the approval of the Joint Bookrunners, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the Share Offer) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xxi) any event, act or omission which gives rise to or is likely to give rise to any liability of any of the Company, the executive Directors and the Controlling Shareholders pursuant to the indemnity contained in the Public Offer Underwriting Agreement; or

(xxii) any non-compliance with Relevant Law(s) by the Company with respect to any matters relating to the Share Offer, the Offer Shares, the Listing and/or any other related matters,

which in the sole and absolute opinion of the Sole Sponsor, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and/or the Joint Lead Managers (1) is or shall have a material adverse change, or any development involving a prospective material adverse change, in the financial or operational condition or in the earnings, management, prospects, assets or liabilities of any member of the Group, whether or not arising in the ordinary course of business ("**Material Adverse Effect**"); or (2) has or shall have a Material Adverse Effect on the success, marketability or pricing of the Share Offer or the level of interest under the Share Offer; or (3) is or will or may make it inadvisable, inexpedient, impracticable or not commercially viable (i) for the Share Offer to proceed or (ii) for any material part of the Public Offer Underwriting Agreement to be performed or implemented as envisaged or (4) having any material non-compliance incident in respect of the Share Offer and/or the Listing, with consideration of Relevant Law(s).

Undertakings to the Stock Exchange

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company undertakes to the Stock Exchange that save as pursuant to the Share Offer (including the grant and exercise of the options under the Share Option Scheme), no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except pursuant to the Share Offer, any exercise of the options which may be granted under the Share Option Scheme or any of the circumstances permitted pursuant to Rules 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Each of the Controlling Shareholders undertakes to our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and the Stock Exchange that, except pursuant to the Share Offer (including the grant and exercise of the options under the Share Option Scheme) and for the circumstances permitted pursuant to Rule 10.07 of the Listing Rules, he/it shall not, and shall procure that the relevant registered holder(s) of the Shares shall not,

(a) within the period commencing on the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; and

(b) within the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a Controlling Shareholder.

Each of the Controlling Shareholders further irrevocably undertakes and covenants with our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters and the Stock Exchange that he/it shall, and shall procure that the relevant registered holder(s) shall,

(a) in the event that he/it pledges or charges any direct or indirect interest in the Shares pursuant to a pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) under Note 3 to Rule 10.07(2) of the Listing Rules, at any time during and ending on the expiry of the Second Six-Month Period, inform our Company immediately thereafter; and

(b) having pledged or charged any interest in the Shares under (a) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

In the event that our Company has been informed of any above matters (if any), we shall forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 2.07C of the Listing Rules.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Our Company irrevocably undertakes to and covenants with each of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, and each of the Controlling Shareholders and the executive Directors undertakes to and covenants with the Sole Sponsor, Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters to procure that, during the First Six-Month Period, save with the prior written consent of the Sole Sponsor, the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters and the Sole Sponsor) and the Joint Lead Managers and in compliance with the Listing Rules and the applicable laws, and save pursuant to the Share Offer, the Capitalisation Issue and the issue of Shares pursuant to the Share Option Scheme; or (iii) any other share option scheme of our Company adopted from time to time, our Company shall not:

(a) at anytime during the First Six-Month Period:

(i) offer, allot or issue, or agree to offer, allot, issue (conditionally or unconditionally) any Shares or securities convertible into or exchangeable for equity securities of the Company (whether or not of a class already listed); or

(ii) grant or agree to grant (conditionally or unconditionally) any options, warrants or other rights carrying the rights to subscribe for or otherwise acquire or convertible or exchangeable into Shares or other securities of the Company (whether or not of a class already listed); or

(iii) enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any of its affiliates, either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares); or

(iv) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or securities convertible into or exchangeable for such Shares; or

(v) buy-back any Shares or securities of the Company; or

(vi) offer to or agree to do any of the foregoing or announce any intention to do so;

(b) at anytime during the Second Six-Month Period do any of the acts set out in paragraph (a) above, so as to result in the Controlling Shareholders (together with any of its associates) either individually or taken together with the others of them cease to be a controlling shareholder of the Company (within the meaning of the Listing Rules);

(c) in the event that our Company does any of the acts set out in paragraphs (a) and (b) above after the expiry of the First Six-Month Period or the Second Six-Month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Undertaking by our Controlling Shareholders

Each of the Controlling Shareholders, on a voluntary basis, has irrevocably undertaken to and covenanted with each of the Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, without the prior written consent of each of the Company, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers, it shall not directly or indirectly and shall procure that none of its associates or the companies controlled by it or any nominee or trustee holding in trust for it shall

(a) during the First Six-Month Period:

(i) sell, transfer or dispose of, offer to sell, contract to sell, transfer or dispose of, nor enter into any agreements to sell, transfer or dispose of or otherwise create any options, warrants, rights, interests or a mortgage, charge, pledge, lien, option, restriction, right of first refusal, security interest, claim, equity interest, right of pre-emption, third-party right or interest, or interests or rights of the same nature as the foregoing or other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect ("**Encumbrances**") (including the creation or entry into of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charge, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) on any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such shares therein owned by it or any of its associates or in which it or any of its associates is, directly or indirectly, interested immediately after the completion of the Capitalisation Issue, the Share Offer and the issuance and allotment of any other Shares or securities of or interest in the Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities; or

(ii) sell, transfer or dispose of, offer to sell, contract to sell, transfer or dispose of, nor enter into any agreements to sell, transfer or dispose of or otherwise create any options, warrants, rights, interests or Encumbrances (including the creation or entry into of any agreement to create any pledge or charge or Encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition whether by actual disposition or effective economic disposition due to cash settlement or otherwise) on any shares or interest in any company controlled by it or

any of its associates which is the beneficial owner (directly or indirectly) of any of such securities or any interests therein as referred to in paragraph (a) above (or any other shares or securities of or interest in such company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); or

(iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a)(i) and (a)(ii) above; or

(iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a)(i), (a)(ii), or (a)(iii) above.

(b) during the Second Six-Month Period:

(i) sell, transfer, dispose of, offer to sell, transfer or disposal of nor enter into any agreement to sell, transfer or dispose of or create any options, warrants, rights, interests or Encumbrances (including the creation or entry into of any agreement to create any pledge or charge or Encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) on any shares in any company controlled by it or any of their associates which is the beneficial owner (directly or indirectly) of such Shares or any interests therein as aforesaid if, immediately following such disposal or creation of rights, the Controlling Shareholders (together with its associates) would, directly or indirectly, cease to be a controlling shareholder of the Company (within the meaning of the Listing Rules) or cease to hold, directly or indirectly, a controlling interest of over 30%, or such lower amount as may from time to time be specified in the Takeovers Codes as being the level for triggering a mandatory general offer, in the Company;

(ii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (b)(i) above announce any intention to enter into or effect any of the transactions referred to in paragraph (b)(i) above.

In the event of a disposal by it of any of the Shares or securities or any interest therein during the Second Six-Month Period, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of the Company.

The Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, inter alia, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement and on the additional terms described below. Pursuant to the Placing Underwriting Agreement, we are offering the Placing Shares for subscription

by way of Placing, on and subject to the terms and conditions in the Placing Underwriting Agreement and this prospectus, at the Offer Price. Under the Placing Underwriting Agreement, subject to, among other conditions, (i) the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the Main Board of the Stock Exchange; (ii) the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated; (iii) the Price Determination Agreement having been duly signed by the Company and the Joint Bookrunners (acting for themselves and on behalf of the Underwriters) on the date thereof and such agreement not subsequently having been terminated in accordance with its terms or otherwise; and (iv) certain other conditions set out in the Placing Underwriting Agreement, the Placing Underwriters have severally agreed to subscribe for, or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions of the Placing. The Placing Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Public Offer Underwriting Agreement. Potential investors are reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed "Underwriting Arrangements and Expenses – The Public Offer – Undertakings Pursuant to the Public Offer Underwriting Agreement" in this section.

Total commission, fee and expenses

In connection with the Share Offer, the Public Offer Underwriters will, and the Placing Underwriters are expected to, receive an underwriting commission of 6.2% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions. In connection with the Listing, the Sole Sponsor will receive a sponsorship and documentation fee.

The aggregate commissions and estimated expenses, together with Listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to be approximately HK$29.5 million to HK$31.1 million (assuming the Offer Price ranging from HK$0.625 to HK$0.75 per Share) and are payable by our Company.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 3A.07 of the Listing Rules.

SOLE SPONSOR'S AND UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their interests and obligations under the Underwriting Agreements and the sponsorship fee payable to the Sole Sponsor in respect of the Listing, none of the Sole Sponsor and the Underwriters are interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08(1) of the Listing Rules after completion of the Share Offer.

THE SHARE OFFER

The Share Offer comprises:

(a) the Public Offer of 20,000,000 new Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "The Public Offer" in this section; and

(b) the Placing of an aggregate of 180,000,000 new Shares (subject to reallocation as mentioned below) in Hong Kong to professional, institutional and/or other investors.

Investors may apply for Offer Shares under the Public Offer or apply for or indicate an interest for Offer Shares under the Placing, but may not do both. References in this prospectus to applications, Application Forms, application monies or the procedures for application relate solely to the Public Offer.

The Offer Shares will represent 25% of the total issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue.

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 20,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent approximately 2.5% of the total issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The Public Offer is open to members of the public in Hong Kong as well as to professional, institutional and/or other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Public Offer" in this section.

Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total available Shares under the Public Offer (after taking into account any reallocation of Offer Shares between the Public Offer and the Placing) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B with any odd board lots being allocated to pool A. Accordingly, the maximum number of Public Offer Shares initially in pool A and pool B will be 10,000,000 and 10,000,000 respectively. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate price of HK$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) or less. The Public Offer Share in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this section only, the "price" for Public Offer Shares means the price payable on application therefor (without regard to the Public Offer Price as finally determined). Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools and can only apply for Public Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 10,000,000 Offer Shares are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

(a) if the number of the Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then 40,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 60,000,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Share Offer;

(b) if the number of the Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then 60,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the number of Offer Shares available under the Public Offer will be 80,000,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Share Offer; and

(c) if the number of the Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then 80,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be 100,000,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available under the Share Offer.

In all cases, the additional Offer Shares reallocated to the Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Bookrunners deems appropriate. In addition, the Joint Bookrunners may in their sole and absolute discretion reallocate Offer Shares of the Placing to the Public Offer as it deems appropriate to satisfy valid applications under the Public Offer. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

If the Public Offer is not fully subscribed, the Joint Bookrunners has the absolute discretion to reallocate all or any of the unsubscribed Offer Shares originally included in the Public Offer to the Placing in such manner as it deems appropriate to satisfy the demand under the Placing. In addition, the Joint Bookrunners may in their sole discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In particular, if (i) the Placing is not fully subscribed and the Public Offer is fully subscribed or oversubscribed; or (ii) the Placing is fully subscribed or oversubscribed and the Public Offer is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Public Offer representing less than 15 times of the number of Shares initially available for subscription under the Public Offer, the Joint Bookrunners has the authority to reallocate the Placing Shares originally included in the Placing to the Public Offer in such number as it deems appropriate, provided that in accordance with Guidance Letter HKEx-GL91-18 (February 2018) issued by the Stock Exchange, (i) the number of the Placing Shares reallocated to the Public Offer should not exceed to 20,000,000 Shares, representing 10% of the Offer Shares initially available under the Share Offer, increasing the total number of Offer Shares available under the Public Offer to 40,000,000 Shares; and (ii) the final Offer Price should be fixed at the bottom end of the indicative Offer Price range (i.e. HK$0.625 per Offer Share) stated in this prospectus. Details of any reallocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement, which is expected to be made on Tuesday, 26 February 2019.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

Multiple or suspected multiple applications and any application for more than 50% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected. Applicants under the Public Offer are required to pay, on application, the maximum price of HK$0.75 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee, amounting to a total of HK$3,030.23 per board lot of 4,000 Offer Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "Price Determination of the Share Offer" in this section, is less than the maximum price of HK$0.75 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Public Offer Shares" in this prospectus.

THE PLACING

Number of Offer Shares offered

The Placing will consist of an initial offering of 180,000,000 Shares (subject to reallocation), representing 90% of the total number of Offer Shares initially available under the Share Offer and approximately 22.5% of the total issued share capital immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The Placing will be offered by us to professional, institutional and/or other investors in Hong Kong.

Allocation

The Placing will include selective marketing of the Placing Shares to professional, institutional and/or other investors anticipated to have a sizeable demand for the Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Price Determination of the Share Offer" below and based on a number of factors, including the level and timing of demand, and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described in the paragraph headed "The Public Offer – Reallocation" in this section. In addition, the Joint Bookrunners may reallocate Placing Shares from the Placing to the Public Offer to satisfy the valid applications under the Public Offer that exceeds the number of Public Offer Shares initially offered. The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Bookrunners.

PRICE DETERMINATION OF THE SHARE OFFER

The Placing Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Monday, 18 February 2019 by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$0.75 per Offer Share and is expected to be not less than HK$0.625 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and/or other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of our Company (**www.wecon.com.hk**) and the website of the Stock Exchange (**www.hkexnews.hk**) a notice of the reduction or to be announced in such manner as permitted under the Listing Rules and agreed between our Company and the Joint Bookrunners. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. In the event there is a reduction in the Offer Shares and/or indicative Offer Price range, if the applicants have already submitted an application for the Public Offer Shares before the last day for lodging applications under the Public Offer, they will be allowed to subsequently withdraw their applications. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Bookrunners, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Share Offer accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK$107.2 million, assuming an Offer Price per Offer Share of HK$0.6875 (being the midpoint of the stated indicative Offer Price range of HK$0.625 to HK$0.75 per Offer Share).

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be announced on Tuesday, 26 February 2019 on the website of our Company (**www.wecon.com.hk**) and the website of the Stock Exchange (**www.hkexnews.hk**).

If the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or about Tuesday, 26 February 2019, the Share Offer will not become unconditional and will lapse immediately.

UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is conditional upon the Placing Underwriting Agreement being signed and becoming unconditional.

Our Company, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters expect to enter into the Placing Underwriting Agreement relating to the Placing on or about the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on the Main Board and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on:

(a) the Listing Division of the Stock Exchange granting listing of, and permission to deal in, the Shares being offered pursuant to the Share Offer (including any Shares to be issued upon the exercise of the options that may be granted under the Share Option Scheme;

(b) the Offer Price having been fixed on or about the Price Determination Date;

(c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms, on or before the dates and times specified in the Placing Underwriting Agreement.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by on our Company's website (**www.wecon.com.hk**) and the Stock Exchange's website (**www.hkexnews.hk**) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Shares are expected to be issued on or about Tuesday, 26 February 2019 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 27 February 2019 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – The Public Offer – Grounds for Termination" in this prospectus has not been exercised.

DEALINGS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 27 February 2019, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 27 February 2019.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares is 1793.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

– use a **WHITE** or **YELLOW** Application Form; or

– electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

– are 18 years of age or older;

– have a Hong Kong address;

– are outside the United States, and are not a United States Person (as defined in Regulation S); and

– are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Lead Managers may accept or reject it at their discretion and on any conditions they think fit, including provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

– an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;

– a Director or chief executive officer of our Company and/or any of its subsidiaries;

– a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;

– an associate (as defined in the Listing Rules) of any of the above; or

– allocated or have applied for or indicated an interest in any Placing Shares under the Placing or otherwise participating or have participated in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Prospectus and Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 30 January 2019 until 12:00 noon on Friday, 15 February 2019 from:

(i) the following office of the Sole Sponsor:

49th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong; or

(ii) the following office of the Joint Bookrunners and Joint Lead Managers:

49th Floor, One Exchange Square
8 Connaught Place
Central
Hong Kong;

19th Floor & Room 2505-10, Wing On House
71 Des Voeux Road Central
Hong Kong;

Flat B, 20th Floor, Guangdong Investment Tower
148 Connaught Road Central
Sheung Wan
Hong Kong;

Unit 2401-03, 24th Floor, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong; or

21st Floor, Champion Building
287-291 Des Voeux Road Central
Hong Kong

(iii) the following branches of the receiving bank, Bank of China (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	Sheung Wan Branch	Shop 1-4, G/F., Tung Hip Commercial Building, 244-248 Des Voeux Road Central, Hong Kong
	Lee Chung Street Branch	29-31 Lee Chung Street, Chai Wan, Hong Kong
Kowloon	Kwun Tong Plaza Branch	G1 Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong, Kowloon
	Jordan Road Branch	1/F., Sino Cheer Plaza, 23-29 Jordan Road, Kowloon
New Territories	Tai Po Plaza Branch	Unit 4, Level 1 Tai Po Plaza, 1 On Tai Road, Tai Po, New Territories
	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 30 January 2019 until 12:00 noon on Friday, 15 February 2019 from the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "BANK OF CHINA (HONG KONG) NOMINEES LIMITED – WECON HOLDINGS PUBLIC OFFER" for the payment, should be deposited in the special collection boxes provided at any of the designated branches of the receiving bank listed above, at the following times:

Wednesday, 30 January 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, 31 January 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, 1 February 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Saturday, 2 February 2019	**–**	**9:00 a.m. to 1:00 p.m.**
Monday, 4 February 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, 8 February 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Saturday, 9 February 2019	**–**	**9:00 a.m. to 1:00 p.m.**
Monday, 11 February 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Tuesday, 12 February 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Wednesday, 13 February 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Thursday, 14 February 2019	**–**	**9:00 a.m. to 5:00 p.m.**
Friday, 15 February 2019	**–**	**9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. on Friday, 15 February 2019 to 12:00 noon on Friday, 15 February 2019, the last application day or such later time as described in the sub-section headed "9. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s), on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or our agents to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F., One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Bookrunners and the Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

– (if you are an agent for another person) declare that you have only given one set **of electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

– confirm that you understand that our Company, our Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

– authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

– confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

– confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

– agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

– agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

– agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

– agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the

fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

– agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

– agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

– agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies Ordinance and the Articles of Association; and

– agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

– instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

– instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

– instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 30 January 2019	**–**	**9:00 a.m. to 8:30 p.m.**
Thursday, 31 January 2019	**–**	**8:00 a.m. to 8:30 p.m.**
Friday, 1 February 2019	**–**	**8:00 a.m. to 8:30 p.m.**
Monday, 4 February 2019	**–**	**8:00 a.m. to 8:30 p.m.**
Friday, 8 February 2019	**–**	**8:00 a.m. to 8:30 p.m.**
Saturday, 9 February 2019	**–**	**8:00 a.m. to 1:00 p.m.**
Monday, 11 February 2019	**–**	**8:00 a.m. to 8:30 p.m.**
Tuesday, 12 February 2019	**–**	**8:00 a.m. to 8:30 p.m.**
Wednesday, 13 February 2019	**–**	**8:00 a.m. to 8:30 p.m.**
Thursday, 14 February 2019	**–**	**8:00 a.m. to 8:30 p.m.**
Friday, 15 February 2019	**–**	**8:00 a.m. to 12:00 noon**

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Wednesday, 30 January 2019 until 12:00 noon on Friday, 15 February 2019 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Friday, 15 February 2019, the last application day or such later time as described in the sub-section headed "9. Effect of bad weather on the opening of the application lists" in this section.

Note:

1. These times in this subsection are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic

application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 15 February 2019.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

– an account number; or

– some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

– the principal business of that company is dealings in securities; and

– you exercise statutory control over that company, then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

– control the composition of the board of directors of the company;

– control more than half of the voting power of the company; or

– hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Public Offer Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 4,000 Public Offer Shares. Each application or electronic application instructions in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure and Conditions of the Share Offer" in this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

– a tropical cyclone warning signal number 8 or above; or

– a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 15 February 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 15 February 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Tuesday, 26 February 2019 on our Company's website **www.wecon.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

– in the announcement to be posted on our Company's website at **www.wecon.com.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, 26 February 2019;

– from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 26 February 2019 to 12:00 midnight on Monday, 4 March 2019;

– by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 26 February 2019 to Friday, 1 March 2019;

– in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 26 February 2019 to Thursday, 28 February 2019 at all the designated receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 10,000,000 Offer Shares.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.75 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer set out in the section headed "Structure and Conditions of the Share Offer – Conditions of the Public Offer" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 26 February 2019.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on Tuesday, 26 February 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 27 February 2019 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 26 February 2019 or such other date as notified by our Company as the date of collection/despatch of

share certificates and refund cheques. If you are an individual who are eligible for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which are eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Tuesday, 26 February 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) from the Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Tuesday, 26 February 2019 or such other date as notified by our Company as the date of collection/despatch of share certificates and refund cheques. If you are an individual who are eligible for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which are eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) personally within the time specified for collection, they will be sent to the address as specified on your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on your Application Form on Tuesday, 26 February 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 26 February 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

– ***If you apply through a designated CCASS participant (other than a CCASS Investor Participant)***

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

– ***If you apply as a CCASS Investor Participant***

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the sub-section headed "10. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 26 February 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

– If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 26 February 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

– Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "Publication of results" above on Tuesday, 26 February 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 26 February 2019 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 26 February 2019. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 26 February 2019.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Wecon Holdings Limited

VMS Securities Limited

Dear Sirs,

We report on the historical financial information of Wecon Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-54, which comprises the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the years ended 31 March 2016, 2017 and 2018, and the four months ended 31 July 2018 (the "Track Record Periods"), and the combined statements of financial position of the Group as at 31 March 2016, 2017 and 2018 and 31 July 2018, and the statements of financial position of the Company as at 31 March 2018 and 31 July 2018 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-54 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 January 2019 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 March 2016, 2017 and 2018 and 31 July 2018 and of the financial performance and cash flows of the Group for each of the Track Record Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the four months ended 31 July 2017 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 4 have been made.

DIVIDENDS

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Periods.

NO HISTORICAL FINANCIAL STATEMENTS FOR THE COMPANY

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
30 January 2019

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

(A) COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 March			Four months ended 31 July	
		2016	2017	2018	2017	2018
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
REVENUE	*6*	422,319	722,075	980,828	281,239	339,709
Cost of sales		(379,764)	(665,747)	(903,536)	(256,954)	(318,930)
Gross profit		42,555	56,328	77,292	24,285	20,779
Other income and gains	*6*	5,014	6,926	5,849	2,140	1,015
Loss on disposal of other financial assets at amortised cost		–	–	(317)	–	–
Administrative expenses		(23,473)	(24,628)	(32,277)	(8,554)	(16,755)
Finance costs	*7*	(383)	(512)	(244)	(139)	(244)
PROFIT BEFORE TAX	*8*	23,713	38,114	50,303	17,732	4,795
Income tax	*11*	(3,505)	(6,296)	(8,896)	(2,954)	(1,302)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD ATTRIBUTABLE TO EQUITY HOLDER OF THE COMPANY		20,208	31,818	41,407	14,778	3,493

(B) COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 March 2016 HK$'000	2017 HK$'000	2018 HK$'000	As at 31 July 2018 HK$'000
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	4,822	4,324	4,117	5,659
Other financial assets at amortised cost	*15*	15,735	10,407	–	–
Prepayments, deposits and other receivables	*17*	2,482	974	1,502	1,515
Total non-current assets		23,039	15,705	5,619	7,174
CURRENT ASSETS					
Contract assets and trade receivables	*16*	64,275	209,147	195,271	199,013
Prepayments, deposits and other receivables	*17*	50,677	63,109	50,096	50,667
Due from a director	*19*	130	130	–	–
Other financial assets at amortised cost	*15*	–	5,041	–	–
Other financial assets at fair value through profit or loss	*15*	–	9,864	–	–
Pledged deposits	*18*	25,876	24,959	26,349	26,009
Time deposits	*18*	33,588	981	13,748	12,854
Cash and bank balances	*18*	13,947	47,813	46,649	66,349
Total current assets		188,493	361,044	332,113	354,892
CURRENT LIABILITIES					
Trade and retention payables	*20*	44,974	115,472	120,409	116,461
Other payables and accruals	*21*	9,904	62,801	62,566	99,640
Due to related companies	*19*	62,000	60,700	–	–
Loan from a related company	*19*	–	–	8,500	–
Interest-bearing bank borrowings	*22*	15,074	26,000	–	45,000
Finance lease payables	*23*	–	–	–	450
Tax payable		3,654	3,945	5,500	5,258
Total current liabilities		135,606	268,918	196,975	266,809
NET CURRENT ASSETS		52,887	92,126	135,138	88,083
TOTAL ASSETS LESS CURRENT LIABILITIES		75,926	107,831	140,757	95,257

	Notes	As at 31 March 2016 HK$'000	2017 HK$'000	2018 HK$'000	As at 31 July 2018 HK$'000
NON-CURRENT LIABILITIES					
Loan from a related company	*19*	8,500	8,500	–	–
Deferred tax liabilities	*24*	370	457	476	575
Finance lease payables	*23*	–	–	–	908
Total non-current liabilities		8,870	8,957	476	1,483
Net assets		67,056	98,874	140,281	93,774
EQUITY					
Equity attributable to equity holder of the Company					
Issued capital	*25*	–	–	–	–
Reserves	*26(a)*	67,056	98,874	140,281	93,774
Total equity		67,056	98,874	140,281	93,774

(C) COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holder of the Company			
	Issued capital *HK$'000*	**Merger reserve*** *HK$'000* *(note 26(b))*	**Retained profits*** *HK$'000*	**Total equity** *HK$'000*
Track Record Periods				
At 1 April 2015	–	15,880	28,848	44,728
Additional investment in a subsidiary by its then shareholders	–	2,120	–	2,120
Profit and total comprehensive income for the year	–	–	20,208	20,208
At 31 March 2016 and 1 April 2016	–	18,000	49,056	67,056
Profit and total comprehensive income for the year	–	–	31,818	31,818
At 31 March 2017 and 1 April 2017	–	18,000	80,874	98,874
Profit and total comprehensive income for the year	–	–	41,407	41,407
At 31 March 2018 and 1 April 2018	–	18,000	122,281	140,281
Dividend	–	–	(50,000)	(50,000)
Profit and total comprehensive income for the period	–	–	3,493	3,493
At 31 July 2018	–	18,000	75,774	93,774
Four months ended 31 July 2017 (Unaudited)				
At 1 April 2017	–	18,000	80,874	98,874
Profit and total comprehensive income for the period	–	–	14,778	14,778
At 31 July 2017	–	18,000	95,652	113,652

* These reserve accounts comprise the combined reserves of HK$67,056,000, HK$98,874,000, HK$140,281,000 and HK$93,774,000 in the combined statements of financial position as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively.

(D) COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 March 2016 HK$'000	2017 HK$'000	2018 HK$'000	Four months ended 31 July 2017 HK$'000 (Unaudited)	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		23,713	38,114	50,303	17,732	4,795
Adjustments for:						
Finance costs	*7*	383	512	244	139	244
Interest income	*6*	(4,359)	(5,123)	(2,897)	(1,268)	(817)
Dividend income from other financial assets at fair value through profit or loss	*6*	–	(605)	(656)	(252)	–
Depreciation	*14*	2,112	1,117	1,030	320	358
Loss on disposal of items of property, plant and equipment	*8*	20	286	64	34	63
Loss on disposal of other financial assets at amortised cost	*8*	–	–	317	–	–
Fair value loss/(gain) on other financial assets at fair value through profit or loss	*8*	–	(12)	502	–	–
		21,869	34,289	48,907	16,705	4,643
Decrease/(increase) in contract assets and trade receivables		18,001	(144,872)	13,876	51,723	(3,742)
Decrease/(increase) in prepayments, deposits and other receivables		(8,025)	(10,924)	12,485	12,753	(583)
Decrease/(increase) in an amount due from a director		(12,300)	–	130	–	–
Increase/(decrease) in trade and retention payables		(4,346)	70,498	4,937	(37,622)	(3,948)
Increase/(decrease) in other payables and accruals		(2,454)	52,897	(235)	13,825	37,074
Cash generated from operations		12,745	1,888	80,100	57,384	33,444
Hong Kong profits tax paid		(253)	(5,918)	(7,322)	(920)	(1,445)
Net cash flows from/(used in) operating activities		12,492	(4,030)	72,778	56,464	31,999

	Notes	Year ended 31 March 2016 HK$'000	2017 HK$'000	2018 HK$'000	Four months ended 31 July 2017 HK$'000 (Unaudited)	2018 HK$'000
Net cash flows from/(used in) operating activities		12,492	(4,030)	72,778	56,464	31,999
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		4,505	5,410	3,379	1,268	817
Dividend received from other financial assets at fair value through profit or loss		–	605	656	252	–
Purchases of items of property, plant and equipment	*14,28*	(1,387)	(1,295)	(934)	(664)	(1,151)
Proceeds from disposal of items of property, plant and equipment		–	390	47	35	587
Purchase of other financial assets at amortised cost		(10,729)	–	–	–	–
Proceeds from disposal of other financial assets at amortised cost		–	–	14,649	–	–
Purchase of other financial assets at fair value through profit or loss		–	(9,852)	–	–	–
Proceeds from disposal of other financial assets at fair value through profit or loss		–	–	9,362	–	–
Decrease/(increase) in pledged deposits		9,097	917	(1,390)	(390)	340
Net cash flows from/(used in) investing activities		1,486	(3,825)	25,769	501	593
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans		113,730	142,285	14,000	13,000	50,000
Repayment of bank loans		(114,656)	(131,359)	(40,000)	(24,000)	(5,000)
Repayment of finance lease payables		–	–	–	–	(41)
Interest paid		(383)	(512)	(244)	(139)	(244)
Repayment of amounts due to related companies		(6,299)	(1,300)	(60,700)	(10,000)	–
Repayment of a loan from a related company		–	–	–	–	(8,500)
Proceeds from issue of shares of subsidiaries comprising the Group		2,120	–	–	–	–
Dividend paid		–	–	–	–	(50,000)
Net cash flows from/(used in) financing activities		(5,488)	9,114	(86,944)	(21,139)	(13,785)

	Notes	Year ended 31 March 2016 HK$'000	2017 HK$'000	2018 HK$'000	Four months ended 31 July 2017 HK$'000 (Unaudited)	2018 HK$'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,490	1,259	11,603	35,826	18,806
Cash and cash equivalents at beginning of year/period		39,045	47,535	48,794	48,794	60,397
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		47,535	48,794	60,397	84,620	79,203
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*18*	13,947	47,813	46,649	79,108	66,349
Non-pledged time deposits with original maturity of less than three months when acquired	*18*	33,588	981	13,748	5,512	12,854
Cash and cash equivalents as stated in the combined statements of financial position and combined statements of cash flows		47,535	48,794	60,397	84,620	79,203

(E) STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Note	As at 31 March 2018 HK$'000	As at 31 July 2018 HK$'000
NON-CURRENT ASSET			
Investment in a subsidiary		–	–
CURRENT ASSET			
Due from the immediate holding company		–	–
CURRENT LIABILITY			
Due to a subsidiary		–	–
Net assets		–	–
EQUITY			
Issued capital	*25*	–	–
Total equity		–	–

II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 23 March 2018. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1801-1802, 18/F., Tung Hip Commercial Building, 244-252 Des Voeux Road Central, Hong Kong.

The Company is an investment holding company. During the Track Record Periods, the subsidiaries now comprising the Group were engaged in the provision of building construction and maintenance services.

The Company and its subsidiaries now comprising the Group underwent a group reorganisation (the "**Reorganisation**") as set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in the following subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/place of business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wecon Holdings (BVI) Limited *(Note (a))*	British Virgin Islands 11 May 2018	US$1 ordinary	100	–	Investment holding
Wecon Limited *(Note (b))*	Hong Kong 30 April 1974	HK$100 ordinary	–	100	Provision of building maintenance services
Wecon Construction & Engineering Limited *(Note (b))*	Hong Kong 20 April 1990	HK$3,200,000 ordinary	–	100	Provision of building construction services

Notes:

(a) No audited financial statements have been prepared for this entity since its incorporation as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(b) The statutory financial statements of these entities for the years ended 31 March 2016 and 2017 prepared under Hong Kong Financial Reporting Standards ("**HKFRSs**") were audited by Cheng & Cheng Limited, certified public accountants registered in Hong Kong. The statutory financial statements of these entities for the year ended 31 March 2018 prepared under HKFRSs were audited by Ernst & Young, certified public accountants registered in Hong Kong.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" to the Prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Track Record Periods on 21 December 2018. The companies now comprising the Group were under the common control of Mr. Tsang Ka Yip (the "**Controlling Shareholder**") before and

after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Periods.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Track Record Periods and the four months ended 31 July 2017 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The combined statements of financial position of the Group as at 31 March 2016, 2017 and 2018 and 31 July 2018 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA, and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 April 2018, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Periods and in the period covered by the Interim Comparative Financial Information.

Except for the unlisted investment funds at fair value through profit or loss which have been stated at fair value, the Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this Historical Financial Information.

Amendments to HKFRS 3	*Definition of a Business*[2]
Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*[1]
HKFRS 16	*Leases*[1]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[2]
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23[1]

[1] Effective for annual periods beginning on or after 1 January 2019
[2] Effective for annual periods beginning on or after 1 January 2020
[3] Effective for annual periods beginning on or after 1 January 2021
[4] No mandatory effective date determined but available for early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 16 was issued by the HKICPA in May 2016, which provides a comprehensive model for the identification of lease arrangements and their accounting treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current HKAS 17 *Leases*.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. A right-of-use asset includes the amount of initial measurement of a lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. A lease liability represents the present value of the lease payments. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, unless it meets the definition of investment property in HKAS 40; or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability will be subsequently increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. For lessors, there is little change to existing accounting in HKAS 17 *Leases*. The Group expects to adopt HKFRS 16 on 1 April 2019.

As disclosed in note 29 to the Historical Financial Information, the Group had total future minimum lease payments under non-cancellable operating lease as at 31 July 2018 amounting to HK$4,874,000. The directors do not expect that the adoption of HKFRS 16 would result in a significant impact on the Group's financial performance but expect that certain portion of these lease commitments will be required to be recognised in the combined statement of financial position as right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new right-of-use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into or existing leases expiring before the date of adoption.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 Group 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 Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Fair value measurement

The Group classifies its unlisted investment funds at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis or reducing balance basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Land and buildings	Over the shorter of the lease term and 25 years
Leasehold improvements	Over the lease terms
Machinery and equipment	20% on the reducing balance basis
Furniture, fixtures and office equipment	20% on the reducing balance basis
Motor vehicles	20% on the reducing balance basis

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

The land lease payments cannot be allocated reliably between the land and building elements, therefore the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment. Depreciation under land and buildings are calculated on the straight-line basis to write off the cost over the shorter of the lease term and 25 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals received under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Financial assets

Financial assets are initially recognised on the trade date, that is, the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial recognition and classification of financial assets

The classification of financial assets at initial recognition depends on their contractual cash flow characteristics and the business model for managing the instruments. Financial assets are classified as measured at amortised cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI") (either with recycling to profit or loss for debt instruments or without recycling to profit or loss for equity investments). On initial recognition, the Group measures a financial asset (unless it is a trade receivable without a significant financial component that is initially measured at the transaction price) at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets carried at FVTPL are recognised in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

Financial assets are measured at amortised cost if they meet both of the following conditions and are not designated at FVTPL:

- They are held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment by investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. These include all derivative financial assets and equity investments that are held for trading. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking.

Subsequent measurement

Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Except for derivatives designated as hedging instruments, changes in fair value are recognised as net gains or losses in profit or loss. Interest and dividend income are recognised as other income in profit or loss.

Financial assets at amortised cost

These financial assets (including loans and receivables) are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the effective interest rate ("**EIR**").

Debt investments at FVOCI

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as other income in profit or loss when the Group's right to receive payments is established unless the dividend clearly represent a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income and cannot be subsequently reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is held for trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value with net gains or losses, including interest expenses, recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) an expected credit loss ("ECL"); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities during the Track Record Periods.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified and the cash flows of the modified liability are substantially different, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference between the respective carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets

HKFRS 9 requires the Group to record an allowance for ECLs financial assets measured at amortised cost, debt instruments measured at FVOCI and contract assets as defined in HKFRS 15.

The ECL allowance is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original EIR and other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

For all contract assets (defined below) and trade receivables, the Group has applied HKFRS 9's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other financial assets are assessed for impairment based on 12-month expected credit losses: 12-month ECLs are the portion of lifetime ECLs that result from default events that are possible within the 12 months after the end of each of the Track Record Periods (or a shorter period if the expected life of the asset is less than 12 months).

The Group considers a financial asset in default when the contractual payment day is more than 1.5 years past due. As the customers of the Group are mainly well-known property developers, the Government and quasi-Government organisations and there was no history of default in prior years, the directors of the Company considered the default rate is minimal. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Contract assets

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. A contract asset is recognised when the Group has the right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time (for example, the Group's future performance). A contract asset becomes a trade receivable when receipt of the consideration is conditional only on the passage of time.

The contract assets relate to unbilled work in progress and have substantially the same characteristics as the trade receivables for the same type of contracts. The impairment policy for financial assets as explained above also applies to contract assets.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable based on the consideration specified in a contract with a customer for the services in the ordinary course of the Group's activities. Revenue is shown, net of discounts. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service (that is an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset; and when specific criteria have been met for each of the Group's activities on the following bases:

(a) Revenue from construction contracts and repair, maintenance, alteration and addition ("**RMAA**") revenues are recognised when or as the control of the asset is transferred to the customer.

Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

(i) provides all of the benefits received and consumed simultaneously by the customer; or

(ii) creates and enhances an asset that the customer controls as the Group performs; or

(iii) do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on direct measurements of the value of individual services transferred by the Group to the customer, such as surveys of work performed, or contract milestones.

For the RMAA services under term contracts where the control of the property is transferred at a point in time, revenue is recognised when the Group has present right to payment and the collection of the consideration is probable.

For construction contracts and other RMAA services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced and thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the work certified up to the end of the reporting period as a percentage of total contract value for each contract.

(b) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(c) dividend income, when the shareholders' right to receive payment has been established.

Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Historical Financial Information is presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the

transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Claims to customers

Claims are amounts that the Group seeks to collect from the customers as reimbursement for costs not included in the contract price. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations. Therefore, judgement is made to determine whether it is probable that the customers will accept the claims and estimate the amount of claims to be accepted by the customers in order to recognise such claims as contract revenue.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment assessment for receivables and contract assets

The policy for impairment of receivables and contract assets of the Group is based on the evaluation of collectibility and aging analysis of receivables and contract assets as well as other quantitative and qualitative information and calculated the lifetime ECLs based on historical credit loss experience, and on management's judgement and assessment of the forward-looking information. Significant judgement and estimates is required in assessing the ultimate realisation of these receivables, based on the current creditworthiness, the past collection history and subsequent settlements of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required. Further details are disclosed in note 16 to the financial statements.

Revenue recognition

The Group has primary responsibility for fulfilment of the contract, quality and warranty of the overall work and has discretion in selecting subcontractors and determining the pricing for subcontractors. Thus, the Group is acting as the principal and recognises revenue on a gross basis. The determination of the progress of the construction service involves judgements. The Group recognises revenue based on progress confirmation from customers. The confirmation reflects the progress towards complete satisfaction of the performance obligation, which is measured based on direct measurements of the value of units delivered or surveys of work performed. The customers will provide final statement when the whole project is completed and may have adjustments on accumulated confirmation according to the actual engineering quantity till the day of completion. In addition, when determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is

commensurate with the Group's performance and whether the delayed payment is for finance purposes. The Group has, therefore, recognised revenue on progress confirmation over the period during which the service is rendered and transferred to customers.

5. OPERATING SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with internal reporting to the Group's key management personnel as follows:

(a) Construction contracts; and

(b) RMAA

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax.

The adjusted profit before tax is measured consistently with the Group's profit before tax except that dividend income from other financial assets at fair value through profit or loss, interest income, fair value gains/losses from the Group's other financial assets at fair value through profit or loss, rental income, sundry income, gains/loss on disposal of items of property, plant and equipment, gains/loss on disposal of other financial assets, depreciation, including unallocated portion, exchange gain/loss, finance costs and unallocated head office and corporate expenses, are excluded from such measurement.

Segment assets exclude property, plant and equipment, other financial assets at amortised cost, other financial assets at fair value through profit or loss, amount due from a director, pledged deposits, time deposits and cash and bank balances and other unallocated corporate assets as these assets are managed on a group basis. Segment liabilities exclude amounts due to related parties, interest-bearing bank borrowings, finance lease payables, tax payable and deferred tax liabilities and other unallocated corporate liabilities as these liabilities are managed on a group basis.

(i) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's key management personnel for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 is set out below.

For the year ended 31 March/four months ended 31 July

	Construction contracts					RMAA					Total				
	Year ended 31 March			Four months ended 31 July		Year ended 31 March			Four months ended 31 July		Year ended 31 March			Four months ended 31 July	
	2016	2017	2018	2017	2018	2016	2017	2018	2017	2018	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)					(Unaudited)					(Unaudited)	
Segment revenue:															
Revenue from external customers	207,665	463,701	817,664	216,746	276,377	214,654	258,374	163,164	64,493	63,332	422,319	722,075	980,828	281,239	339,709

For the year ended 31 March/four months ended 31 July

	Construction contracts					RMAA					Total				
	Year ended 31 March			Four months ended 31 July		Year ended 31 March			Four months ended 31 July		Year ended 31 March			Four months ended 31 July	
	2016	2017	2018	2017	2018	2016	2017	2018	2017	2018	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Segment results:	12,612	27,104	52,274	13,215	15,337	29,943	29,224	25,018	11,070	5,442	42,555	56,328	77,292	24,285	20,779
Dividend income											–	605	656	252	–
Interest income											4,359	5,123	2,897	1,268	817
Fair value gain/(loss) on other financial assets at fair value through profit or loss											–	12	(502)	–	–
Rental income											36	36	24	–	6
Sundry income											619	1,150	574	346	192
Loss on disposal of items of property, plant and equipment											(20)	(286)	(64)	(34)	(63)
Loss on disposal of other financial assets at amortised cost											–	–	(317)	–	–
Depreciation, including unallocated portion											(2,112)	(1,117)	(1,030)	(320)	(358)
Exchange gain/(loss)											(501)	(678)	1,698	274	(1,411)
Finance costs											(383)	(512)	(244)	(139)	(244)
Unallocated head office and corporate expenses											(20,840)	(22,547)	(30,681)	(8,200)	(14,923)
Combined profit before tax											23,713	38,114	50,303	17,732	4,795
Income tax expense											(3,505)	(6,296)	(8,896)	(2,954)	(1,302)
Combined profit for the year/ period											20,208	31,818	41,407	14,778	3,493

	Construction contracts				RMAA				Total			
	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July	Year ended 31 March			Four months ended 31 July
	2016	2017	2018	2018	2016	2017	2018	2018	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets and liabilities												
Segment assets	48,194	174,749	183,150	169,455	67,998	97,063	62,649	78,838	116,192	271,812	245,799	248,293
Unallocated									95,340	104,937	91,933	113,773
									211,532	376,749	337,732	362,066
Segment liabilities	34,247	139,949	167,412	186,767	19,864	36,773	14,555	27,688	54,111	176,722	181,967	214,455
Unallocated									90,365	101,153	15,484	53,837
									144,476	277,875	197,451	268,292

Geographical information

Since over 90% of the Group's revenue was generated from the sales in Hong Kong and over 90% of the Group's identifiable assets and liabilities were located in Hong Kong, no further geographical information in accordance with HKFRS 8 *Operating Segments* is presented.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each of the Track Record Periods is set out below:

	Year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Customer A	209,135	239,154	145,677	59,586	54,381
Customer B	68,424	N/A*	N/A*	N/A*	N/A*
Customer C	64,880	N/A*	N/A*	N/A*	N/A*
Customer D	N/A*	203,084	N/A*	N/A*	N/A*
Customer E	N/A*	142,715	N/A*	N/A*	N/A*
Customer F	N/A*	N/A*	287,593	51,114	115,534
Customer G	N/A*	N/A*	183,728	66,814	36,302
Customer H	N/A*	N/A*	167,331	69,480	N/A*
Customer I	N/A*	N/A*	108,174	N/A*	51,167
Customer J	N/A*	N/A*	N/A*	N/A*	59,001

* The corresponding revenues from these customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the Track Record Periods and the four months ended 31 July 2017.

6. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the appropriate proportion of contract revenue from construction contracts and renovation works recognised over time and revenue from RMAA term contracts recognised at a point in time for the years/periods.

An analysis of the Group's revenue and other income and gains is as follows:

	Year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue					
Construction contracts	207,665	463,701	817,664	216,746	276,377
RMAA	214,654	258,374	163,164	64,493	63,332
	422,319	722,075	980,828	281,239	339,709

Disaggregated by timing of revenue recognition in accordance with HKFRS 15:

	Year ended 31 March			Four months ended 31 July	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue					
Over time	223,690	491,910	836,094	221,882	280,482
Point in time	198,629	230,165	144,734	59,357	59,227
	422,319	722,075	980,828	281,239	339,709

For the construction contracts, the construction of buildings is a single performance obligation that the Group satisfies over time. The construction period varies from 1.5 years to 3 years. As at 31 March 2018 and 31 July 2018, the aggregate amount of the transaction price allocated to the remaining obligation was HK$957,958,000 and HK$1,080,109,000, respectively, and the Group will recognise this revenue as the construction of buildings is completed, which is expected to occur over the next 12 to 24 months.

	Year ended 31 March			Four months ended 31 July	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Other income and gains					
Dividend income from other financial assets at fair value through profit or loss					
– Related to investments derecognised during the year/period	–	–	656	–	–
– Related to investments held at end of the year/period	–	605	–	252	–
Exchange gain	–	–	1,698	274	–
Fair value gain on other financial assets at fair value through profit or loss	–	12	–	–	–
Interest income from other financial assets at amortised cost	870	855	399	–	–
Interest income arising from loans to subcontractors and bank deposits	3,489	4,268	2,498	1,268	817
Rental income	36	36	24	–	6
Sundry income	619	1,150	574	346	192
	5,014	6,926	5,849	2,140	1,015

7. FINANCE COSTS

	Year ended 31 March			Four months ended 31 July	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest on bank borrowings	383	512	244	139	244

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 March			Four months ended 31 July	
		2016	2017	2018	2017	2018
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Depreciation	*14*	2,112	1,117	1,030	320	358
Auditors' remuneration		105	109	403	–	–
Employee benefit expense (excluding directors' remuneration *(note 9)*):*						
Wages and salaries		36,683	53,106	58,807	18,904	19,286
Pension scheme contributions (defined contribution scheme)		1,718	2,385	2,034	718	832
		38,401	55,491	60,841	19,622	20,118
Employee benefit expense included in contract assets		(121)	–	(575)	–	(228)
		38,280	55,491	60,266	19,622	19,890
Minimum lease payments under operating leases		3,606	3,828	3,906	1,496	1,282
Loss on disposal of items of property, plant and equipment		20	286	64	34	63
Loss on disposal of other financial assets at amortised cost		–	–	317	–	–
Foreign exchange differences, net		501	678	(1,698)	(274)	1,411
Fair value loss/(gain) on other financial assets at fair value through profit or loss		–	(12)	502	–	–
Dividend income from other financial assets at fair value through profit or loss		–	(605)	(656)	(252)	–

* The employee benefit expense included in cost of sales was HK$31,166,000, HK$49,214,000, HK$49,273,000 and HK$16,627,000 for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 respectively.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Mr. Tsang Ka Yip, Mr. Tsang Tsz Him Philip and Mr. Tsang Tsz Kit Jerry were appointed as executive directors of the Company on 23 March 2018, 25 June 2018 and 25 June 2018, respectively.

Mr. Tsang Ka Yip was appointed as the chief executive officer of the Company on 23 March 2018.

The Group did not have any independent non-executive directors at any time during the Track Record Periods.

Subsequent to the end of the Track Record Periods, Mr. Lau Chi Keung, Mr. Chan Tim Yiu and Mr. Sze Kwok Wing were appointed as independent non-executive directors of the Company on 21 January 2019.

The remuneration of each of the directors of subsidiaries as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Fees	–	30	180	60	30
Other emoluments:					
Salaries, allowances and benefits in kind	5,558	5,100	5,022	1,590	2,164
Pension scheme contributions (defined contribution scheme)	254	241	252	80	100
	5,812	5,341	5,274	1,670	2,264
	5,812	5,371	5,454	1,730	2,294

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2016				
Directors				
Mr. Tsang Ka Yip	–	1,621	135	1,756
Ms. Lai Yuk Lin Eliza[#]	–	2,361	61	2,422
Mr. Tsang Tsz Him Philip	–	472	20	492
Mr. Lee Yiu Pun[*/#]	–	1,104	38	1,142
Mr. Chan Yun Kwong[#]	–	–	–	–
	–	5,558	254	5,812
Year ended 31 March 2017				
Directors				
Mr. Tsang Ka Yip	–	1,626	135	1,761
Ms. Lai Yuk Lin Eliza[#]	–	2,404	65	2,469
Mr. Tsang Tsz Him Philip	–	686	26	712
Mr. Lee Yiu Pun[*/#]	–	384	15	399
Mr. Chan Yun Kwong[#]	30	–	–	30
	30	5,100	241	5,371
Year ended 31 March 2018				
Directors				
Mr. Tsang Ka Yip	–	1,695	141	1,836
Ms. Lai Yuk Lin Eliza[#]	–	2,518	68	2,586
Mr. Tsang Tsz Him Philip	–	809	43	852
Mr. Chan Yun Kwong[#]	180	–	–	180
	180	5,022	252	5,454
Four months ended 31 July 2017 (Unaudited)				
Directors				
Mr. Tsang Ka Yip	–	520	47	567
Ms. Lai Yuk Lin Eliza[#]	–	822	23	845
Mr. Tsang Tsz Him Philip	–	248	10	258
Mr. Chan Yun Kwong[#]	60	–	–	60
	60	1,590	80	1,730
Four months ended 31 July 2018				
Directors				
Mr. Tsang Ka Yip	–	541	49	590
Ms. Lai Yuk Lin Eliza[#]	–	825	24	849
Mr. Tsang Tsz Him Philip	–	258	18	276
Mr. Chan Yun Kwong[#]	30	124	3	157
Mr. Ho Chi Ming Wilson[#]	–	416	6	422
	30	2,164	100	2,294

* Mr. Lee Yiu Pun resigned as the director with effect from 15 August 2016.

\# These directors are not appointed as the Company's directors.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Periods.

During the Track Record Periods, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 included three, two, two and three directors of the entities comprising the Group, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining non-director, non-chief executive, highest paid employees for the Track Record Periods are as follows:

	Year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	1,537	2,357	3,428	1,045	949
Performance-related bonuses	20	–	–	–	–
Pension scheme contributions	66	82	49	21	12
	1,623	2,439	3,477	1,066	961

The number of the non-director, non-chief executive, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
				(Unaudited)	
Nil to HK$1,000,000	2	3	–	3	2
HK$1,000,001 to HK$1,500,000	–	–	3	–	–

During the Track Record Periods, no remunerations were paid by the Group to any of the non-director, non-chief executive, highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each of the Track Record Periods and the four months ended 31 July 2017.

	Year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Current – Hong Kong					
Charge for the year/period	3,620	6,069	8,758	2,665	1,427
(Over)/Under provision in prior years	–	140	119	–	(224)
Deferred *(note 24)*	(115)	87	19	289	99
Total tax charge for the year/period	3,505	6,296	8,896	2,954	1,302

A reconciliation of the tax expense applicable to profit before tax at the statutory rates to the tax expense at the effective tax rate is as follows:

	Year ended 31 March			Four months ended 31 July	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Profit before tax	23,713	38,114	50,303	17,732	4,795
Tax at the statutory tax rate	3,913	6,289	8,300	2,926	791
Income not subject to tax	(120)	(261)	(437)	(319)	(272)
Expenses not deductible for tax	95	128	914	347	1,007
Tax losses utilised from previous period	(383)	–	–	–	–
Adjustment in respect of current tax of previous periods	–	140	119	–	(224)
Tax charge at the Group's effective tax rate	3,505	6,296	8,896	2,954	1,302

12. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation on 23 March 2018.

On 8 June 2018 and 11 June 2018, the subsidiaries now comprising the Group declared interim dividends amounting to HK$30,000,000 (representing HK$3,000,000 per ordinary share) and HK$20,000,000 (representing HK$62.5 per ordinary share), respectively, to their then shareholders.

No rate of dividends paid or proposed is presented as such information is not meaningful for the purpose of this report.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Periods on a combined basis as disclosed in note 2.1 above.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2016						
At 1 April 2015:						
Cost	900	1,432	429	1,932	4,827	9,520
Accumulated depreciation	(828)	(553)	(192)	(874)	(1,506)	(3,953)
Net carrying amount	72	879	237	1,058	3,321	5,567
At 1 April 2015, net of accumulated depreciation	72	879	237	1,058	3,321	5,567
Additions	–	–	69	222	1,096	1,387
Disposals	–	–	–	(6)	(14)	(20)
Depreciation provided for the year	(36)	(879)	(61)	(255)	(881)	(2,112)
At 31 March 2016, net of accumulated depreciation	36	–	245	1,019	3,522	4,822
At 31 March 2016:						
Cost	900	1,432	498	2,145	5,890	10,865
Accumulated depreciation	(864)	(1,432)	(253)	(1,126)	(2,368)	(6,043)
Net carrying amount	36	–	245	1,019	3,522	4,822

	Land and buildings	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2017						
At 1 April 2016:						
Cost	900	1,432	498	2,145	5,890	10,865
Accumulated depreciation	(864)	(1,432)	(253)	(1,126)	(2,368)	(6,043)
Net carrying amount	36	–	245	1,019	3,522	4,822
At 1 April 2016, net of accumulated depreciation	36	–	245	1,019	3,522	4,822
Addition	–	–	214	424	657	1,295
Disposals	–	–	(24)	(139)	(513)	(676)
Depreciation provided for the year	(36)	–	(87)	(261)	(733)	(1,117)
At 31 March 2017, net of accumulated depreciation	–	–	348	1,043	2,933	4,324
At 31 March 2017:						
Cost	900	1,432	624	2,106	5,744	10,806
Accumulated depreciation	(900)	(1,432)	(276)	(1,063)	(2,811)	(6,482)
Net carrying amount	–	–	348	1,043	2,933	4,324

	Land and buildings	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2018						
At 1 April 2017:						
Cost	900	1,432	624	2,106	5,744	10,806
Accumulated depreciation	(900)	(1,432)	(276)	(1,063)	(2,811)	(6,482)
Net carrying amount	–	–	348	1,043	2,933	4,324
At 1 April 2017, net of accumulated depreciation	–	–	348	1,043	2,933	4,324
Additions	–	–	66	246	622	934
Disposals	–	–	–	(20)	(91)	(111)
Depreciation provided for the year	–	–	(83)	(254)	(693)	(1,030)
At 31 March 2018, net of accumulated depreciation	–	–	331	1,015	2,771	4,117
At 31 March 2018:						
Cost	900	1,432	690	2,274	5,836	11,132
Accumulated depreciation	(900)	(1,432)	(359)	(1,259)	(3,065)	(7,015)
Net carrying amount	–	–	331	1,015	2,771	4,117

	Land and buildings	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 July 2018						
At 1 April 2018:						
Cost	900	1,432	690	2,274	5,836	11,132
Accumulated depreciation	(900)	(1,432)	(359)	(1,259)	(3,065)	(7,015)
Net carrying amount	–	–	331	1,015	2,771	4,117
At 1 April 2018, net of accumulated depreciation	–	–	331	1,015	2,771	4,117
Additions	–	–	252	198	2,100	2,550
Disposals	–	–	–	–	(650)	(650)
Depreciation provided for the period	–	–	(35)	(72)	(251)	(358)
At 31 July 2018, net of accumulated depreciation	–	–	548	1,141	3,970	5,659
At 31 July 2018:						
Cost	900	1,432	942	2,472	6,321	12,067
Accumulated depreciation	(900)	(1,432)	(394)	(1,331)	(2,351)	(6,408)
Net carrying amount	–	–	548	1,141	3,970	5,659

The net carrying amount of the Group's items of property, plant and equipment held under finance leases included in the total amount of motor vehicles as at 31 March 2016, 2017 and 2018 and 31 July 2018 was approximately nil, nil, nil and HK$1,996,000 respectively (note 23).

15. OTHER FINANCIAL ASSETS

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other financial assets at amortised cost:				
Listed on the Singapore Stock Exchange with fixed coupon interest of 8.7% per annum and maturity date on 18 May 2018	10,631	10,407	–	–
Listed on the Hong Kong Stock Exchange with fixed coupon interest of 5.6% per annum and maturity date on 18 September 2017	5,104	5,041	–	–
Other financial assets at fair value through profit or loss:				
Unlisted investment funds, at fair value	–	9,864	–	–
	15,735	25,312	–	–
Less: Other financial assets at amortised cost classified as non-current assets	(15,735)	(10,407)	–	–
Current portion	–	14,905	–	–

The above financial assets at amortised cost were designated by the Group as held to maturity and within a business model with the objective of collecting the contractual principal and interest. During the year ended 31 March 2018, one of the debt securities was disposed of prior to its maturity date.

The above financial assets at fair value through profit or loss at 31 March 2017 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

16. CONTRACT ASSETS AND TRADE RECEIVABLES

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other contract assets	15,029	10,975	3,642	9,836
Retention receivables	21,294	50,910	60,267	64,641
Trade receivables	27,952	147,262	131,362	124,536
	64,275	209,147	195,271	199,013

(a) Other contract assets consist of the Group's rights to consideration for works completed but unbilled amounts resulting from construction contracts and RMAA. The contract assets are transferred to trade receivables when the rights become unconditional which was generally one to three months. Other contract assets as at 31 March 2017 and 2018 decreased because the construction contracts were under the maturity stage and fewer unbilled amounts were noted at the end of the years. Other contract assets increased as at 31 July 2018 because two construction projects were in initial construction stage and more unbilled amounts were noted on the initial costs.

(b) Retention receivables are part of the consideration that the customers retain which is payable on successful completion of the contracts in order to provide the customers with assurance that the Group will complete its obligation satisfactorily under the contracts, rather than to provide financing to the customers. At 31 March 2016, 2017 and 2018 and 31 July 2018, retention receivables are repayable within terms ranging from one to two years. Included in retention receivables, HK$9,649,000, HK$21,228,000, HK$24,697,000 and HK$33,555,000 as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively, were expected to be recovered after more than one year. Retention receivables amounting to HK$11,645,000, HK$29,682,000, HK$35,570,000 and HK$31,086,000 as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively, are expected to be recovered within twelve months. Retention receivables as at 31 March 2016, 2017 and 2018 and 31 July 2018 increased since there were more completed contracts.

(c) The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Track Record Periods related to construction contracts and RMAA.

	As at 31 March			As at 31 July
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Expected to be recognised within one year	380,565	789,021	781,797	580,981
Expected to be recognised after one year	248,108	393,219	176,161	499,128
	628,673	1,182,240	957,958	1,080,109

For RMAA under term contracts, the Group recognises revenue equal to the right to the invoice amount when the control of assets or the value of individual services transfer to the customers at a point in time. The Group has elected the practical expedient of not to disclose the remaining performance obligations for this type of contracts.

(d) Included in the revenue recognised in each of the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, HK$2,688,000, HK$1,987,000, HK$429,000 and HK$116,000, respectively, were related to performance obligations satisfied in previous periods.

(e) Trade receivables represented receivables for contract work. Management generally submit interim payment applications to customers on a monthly basis containing a statement setting out management's estimation of the valuation of the works completed in the preceding month. Upon receiving the interim payment application, the architect or the consultant of the customer will verify such valuation of works completed and issue an interim payment certificate within 30 days. Within 30 days after the issuance of the interim payment certificate, the customer will make payment to the Group based on the certified amount stipulated in such certificate, deducting any retention money in accordance with the contract.

There is a certain concentration of credit risk. The total trade receivables from the five largest trade receivable balances at 31 March 2016, 2017 and 2018 and 31 July 2018 represented 99.9%, 96.1%, 85.8% and 87.1% of total trade receivables, respectively, while 49.5%, 48.3%, 30.3% and 25.6% of the total trade receivables were due from the largest customer, respectively. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables based on the invoice date is as follows:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables:				
Within 90 days	25,394	141,728	127,703	120,519
91 to 180 days	1,106	3,321	1,587	2,308
181 to 360 days	1,061	1,669	1,903	1,319
Over 360 days	391	544	169	390
	27,952	147,262	131,362	124,536

Trade receivables of HK$4,074,000, HK$3,000,000, nil and nil as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively, were factored to the banks with recourse as mentioned in note 22(c). As at 31 July 2018, a trade receivable from a project was under an assignment agreement to secure a bank loan of HK$10,000,000.

As part of its normal business, the Group has entered into a trade receivable factoring arrangement (the "Arrangement") and transferred certain trade receivables to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment up to 180 days. The Group has retained the substantial risks and rewards, which include default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The carrying amounts of the assets that the Group continued to recognise as at 31 March 2016, 2017 and 2018 and 31 July 2018 amounting to HK$4,074,000, HK$3,000,000, nil and nil respectively were not derecognised. The associated liabilities with the same amount were also recognised.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Past due but not impaired:				
1 to 3 months past due	6,126	70,751	7,687	55,434
4 to 6 months past due	1,426	156	2,206	1,722
7 to 12 months past due	571	1,698	684	931
Over 1 year past due	340	530	169	390
	8,463	73,135	10,746	58,477
Neither past due nor impaired	19,489	74,127	120,616	66,059
	27,952	147,262	131,362	124,536

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9 which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit loss rate for the Group's trade receivables is minimal for all the above bands of trade receivables.

Trade receivables that were past due but not impaired relate to certain independent customers, mainly reputable property developers and government authorities, that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The carrying amounts of the trade receivables approximate to their fair values.

Trade receivables that are neither past due nor impaired relate to certain independent customers for whom there was no recent history of default.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	6,441	3,301	7,220	9,677
Deposits and other receivables	46,718	60,782	44,378	42,505
	53,159	64,083	51,598	52,182
Less: Prepayments and deposits classified as non-current assets	(2,482)	(974)	(1,502)	(1,515)
Current portion	50,677	63,109	50,096	50,667

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. Included in other receivables are loans to subcontractors of HK$44,307,000, HK$57,522,000 and HK$41,892,000 and 40,082,000 as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively, which are unsecured, bear interest at 7% per annum and are repayable on demand.

18. CASH AND BANK BALANCES

		As at 31 March			As at 31 July
		2016	2017	2018	2018
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances		13,947	47,813	46,649	66,349
Deposits		59,464	25,940	40,097	38,863
		73,411	73,753	86,746	105,212
Less: Pledged deposits	*22(b), 22(d), 27*	(25,876)	(24,959)	(26,349)	(26,009)
Cash and cash equivalents		47,535	48,794	60,397	79,203

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for a period of 3 months, and earn interest at the respective time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

19. BALANCES WITH A DIRECTOR AND RELATED COMPANIES

As at 31 March 2016, 2017 and 2018 and 31 July 2018, the Group's balances with a director and related companies were unsecured, interest-free and repayable on demand. The maximum amount due from Mr. Tsang Ka Yip, a director, outstanding during the year ended 31 March 2016, 2017 and 2018 and four months ended 31 July 2018 were HK$130,000, HK$130,000, nil and nil respectively. The carrying amounts of these balances approximate to their fair values. A loan from a related company of HK$8,500,000 as at 31 March 2016, 2017 and 2018 was unsecured, interest-free and repayable in April 2018. The balances with a director and related companies were non-trade in nature.

20. TRADE AND RETENTION PAYABLES

An aged analysis of the trade and retention payables as at the end of each of the Track Record Periods, based on the invoice date, is as follows:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables:				
Within 3 months	25,870	83,626	71,902	65,971
4 to 6 months	351	29	–	–
Over 6 months	14	18	18	17
	26,235	83,673	71,920	65,988
Retention payables	18,739	31,799	48,489	50,473
	44,974	115,472	120,409	116,461

At 31 March 2016, 2017 and 2018, retention payables had repayment terms ranging from one to two years.

Trade and retention payables are non-interest-bearing. The payment terms of trade payables are stipulated in the relevant contracts with credit periods of 30 days in general.

21. OTHER PAYABLES AND ACCRUALS

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other payables	291	337	316	692
Accruals	9,613	62,464	62,250	98,948
	9,904	62,801	62,566	99,640

Financial liabilities of HK$407,000, HK$10,425,000 and HK$36,928,000 and HK$60,425,000 as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively, included in other payables and accruals are non-interest-bearing and are expected to be settled within one year.

22. INTEREST-BEARING BANK BORROWINGS

Interest-bearing bank borrowings of the Group are all repayable on demand and are analysed as follows:

	As at 31 March						As at 31 July 2018	
	2016		2017		2018			
	Contractual interest rate (%)	*HK$'000*	*Contractual interest rate (%)*	*HK$'000*	*Contractual interest rate (%)*	*HK$'000*	*Contractual interest rate (%)*	*HK$'000*
Current								
Finance lease payables *(note 23)*	N/A	–	N/A	–	N/A	–	3.4%	450
Bank loan	HIBOR+1.75%	9,074	HIBOR+1.75%	3,000	N/A	–	N/A	–
– secured	N/A	–	HIBOR+1.55%	5,000	N/A	–	HIBOR+1.55%	20,000
Bank loan	N/A	–	HIBOR+1.75%	4,000	N/A	–	N/A	–
– unsecured	N/A	–	HIBOR+1.2%	10,000	N/A	–	N/A	–
	HIBOR+2.75%	6,000	HIBOR+2.75%	4,000	N/A	–	N/A	–
	N/A	–	N/A	–	N/A	–	HIBOR+1.55%	10,000
	N/A	–	N/A	–	N/A	–	HIBOR+1.30%	15,000
		15,074		26,000		–		45,450
Non-current								
Finance lease payables *(note 23)*	N/A	–	N/A	–	N/A	–	3.4%	908
		–		–		–		908
		15,074		26,000		–		46,358

Note: The Group's term loans with an aggregate amount of HK$15,074,000, HK$26,000,000 and HK$45,000,000 as at 31 March 2016 and 2017 and 31 July 2018, respectively, contain a repayment on demand clause and are repayable within one year.

Notes:

(a) As at 31 March 2016 and 2017, all bank loans of the Group were guaranteed by the Controlling Shareholder and a director of the Group.

(b) As at 31 March 2016 and 2017 and 31 July 2018, certain bank loans of the Group of HK$5,000,000, HK$5,000,000 and HK$10,000,000, respectively, were secured by pledged deposits of HK$15,606,000, HK$15,047,000 and HK$15,512,000, respectively.

(c) As at 31 March 2016 and 2017, certain bank loans of the Group of HK$4,074,000 and HK$3,000,000, respectively, were secured by the pledge of trade receivables of HK$4,074,000 and HK$3,000,000, respectively.

(d) As at 31 March 2018, certain bank facilities were secured by pledged deposits of HK$15,000,000 and the bank facilities have not been utilised as at 31 March 2018.

(e) As at 31 July 2018, a bank loan of the Group of HK$10,000,000 was secured by an assignment of trade receivable under a project of a subsidiary.

(f) The carrying amounts of the bank borrowings of the Group approximate to their fair values.

(g) The Group's bank loans are all denominated in Hong Kong dollars.

23. FINANCE LEASE PAYABLES

The Group leases its vehicle for its business operations (note 14). The lease is classified as a finance lease and has a remaining lease term of three years.

At 31 March 2016, 2017 and 2018 and 31 July 2018, the total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments 31 March 2016	Minimum lease payments 31 March 2017	Minimum lease payments 31 March 2018	Minimum lease payments 31 July 2018	Present value of minimum lease payments 31 March 2016	Present value of minimum lease payments 31 March 2017	Present value of minimum lease payments 31 March 2018	Present value of minimum lease payments 31 July 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Amounts payable:								
Within one year	–	–	–	490	–	–	–	450
In the second year	–	–	–	490	–	–	–	466
In the third to fifth years, inclusive	–	–	–	448	–	–	–	442
After five years	–	–	–	–	–	–	–	–
Total minimum finance lease payments	–	–	–	1,428	–	–	–	1,358
Future finance charges	–	–	–	(70)				
Total net finance lease payables	–	–	–	1,358				
Portion classified as current liabilities	–	–	–	(450)				
Non-current portion	–	–	–	908				

24. DEFERRED TAX

The deferred tax liabilities recognised in the combined statements of financial position and the movements during the Track Record Periods are as follows:

Deferred tax liabilities

	Losses available for offsetting against future taxable profits *HK$'000*	Depreciation allowance in excess of related depreciation allowance *HK$'000*	Total *HK$'000*
At 1 April 2015	–	485	485
Deferred tax credited to profit or loss during the year *(note 11)*	(52)	(63)	(115)
At 31 March 2016 and 1 April 2016	(52)	422	370
Deferred tax charged to profit or loss during the year *(note 11)*	52	35	87
At 31 March 2017 and 1 April 2017	–	457	457
Deferred tax charged to profit or loss during the year *(note 11)*	–	19	19
At 31 March 2018 and 1 April 2018	–	476	476
Deferred tax charged to profit or loss during the period *(note 11)*	–	99	99
At 31 July 2018	–	575	575

25. SHARE CAPITAL

	As at 31 March 2018 *HK$'000*	As at 31 July 2018 *HK$'000*
Issued and fully paid:		
100 ordinary shares of HK$0.01 each	–	–

The Company was incorporated on 23 March 2018 with initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of a par value of HK$0.01 each. On the date of incorporation, 100 ordinary shares of HK$0.01 were allotted and issued by the Company.

There was no authorised and issued capital as at 31 March 2016 and 2017 since the Company has not yet been incorporated by that time.

Changes in share capital of the Company due to the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

26. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for each of the Track Record Periods are presented in the combined statements of changes in equity on page I-7.

(b) Merger reserve

For the purpose of the preparation of the combined statements of financial position, the balance of the merger reserve at 31 March 2016, 2017 and 2018 and 31 July 2018 represented the aggregate of the paid-up share capital of the subsidiaries now comprising the Group attributable to the Controlling Shareholder prior to the Reorganisation. The additional investment in a subsidiary represented 212,000 non-voting deferred shares at HK$10 each with a total capital of HK$2,120,000 issued on 22 October 2015.

27. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Performance bonds	62,326	69,615	55,608	56,153

The Group provided unlimited guarantees to certain banks in respect of performance bonds of the Group's subsidiaries. Certain of these performance bonds granted were secured by time deposits amounting to approximately HK$10,270,000, HK$9,912,000, HK$11,349,000 and HK$10,497,000 as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively.

28. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Due to related companies	Loan from a related company
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2015	16,000	68,299	8,500
Changes from financing cash flows	(1,309)	(6,299)	–
Interest expense	383	–	–
At 31 March 2016	15,074	62,000	8,500

	Interest-bearing bank borrowings	Due to related companies	Loan from a related company
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2016	15,074	62,000	8,500
Changes from financing cash flows	10,414	(1,300)	–
Interest expense	512	–	–
At 31 March 2017	26,000	60,700	8,500

	Interest-bearing bank borrowings	Due to related companies	Loan from a related company
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2017	26,000	60,700	8,500
Changes from financing cash flows	(26,244)	(60,700)	–
Interest expense	244	–	–
At 31 March 2018	–	–	8,500

	Interest-bearing bank borrowings	Finance lease payables	Loan from a related company
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2018	–	–	8,500
Changes from financing cash flows	44,756	–	(8,500)
Repayment of finance lease payables	–	(41)	–
Interest expense	244	–	–
At 31 July 2018	45,000	(41)	–

(b) Major non-cash transactions

For the four months ended 31 July 2018, the Group entered into finance lease arrangements in respect of a vehicle with a total capital value at the inception of the leases of HK$1,469,000.

29. OPERATING LEASE COMMITMENTS

As lessee

The Group leases certain of its office properties, car parks, warehouses and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years.

At the end of each of the Track Record Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March			As at 31 July
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	3,636	3,106	4,181	3,603
In the second to fifth years, inclusive	2,009	457	2,185	1,271
	5,645	3,563	6,366	4,874

30. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

Save as disclosed in note 19 to the Historical Financial Information, the Group had no outstanding balances with related parties as at the end of each of the Track Record Periods.

(b) The compensation of directors, chief executive and other senior management of the Group for each reporting period during the Track Record Periods represented the directors' emoluments as disclosed in note 9 and note 10 to the Historical Financial Information.

31. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 March 2016

Financial assets

	Financial assets at amortised cost
	HK$'000
Debt investments at amortised cost	15,735
Trade receivables	27,952
Financial assets included in prepayments, deposits and other receivables	46,718
Due from a director	130
Pledged deposits	25,876
Time deposits	33,588
Cash and bank balances	13,947
	163,946

As at 31 March 2017

Financial assets

	Financial assets at FVTPL	Financial assets at amortised cost	Total
	HK$'000	*HK$'000*	*HK$'000*
Debt investments at amortised cost	–	15,448	15,448
Trade receivables	–	147,262	147,262
Unlisted investment funds at fair value through profit or loss	9,864	–	9,864
Financial assets included in prepayments, deposits and other receivables	–	60,782	60,782
Due from a director	–	130	130
Pledged deposits	–	24,959	24,959
Time deposits	–	981	981
Cash and bank balances	–	47,813	47,813
	9,864	297,375	307,239

As at 31 March 2018

Financial assets

	Financial assets at amortised cost
	HK$'000
Trade receivables	131,362
Financial assets included in prepayments, deposits and other receivables	44,378
Pledged deposits	26,349
Time deposits	13,748
Cash and bank balances	46,649
	262,486

As at 31 July 2018

Financial assets

	Financial assets at amortised cost
	HK$'000
Trade receivables	124,536
Financial assets included in prepayments, deposits and other receivables	42,505
Pledged deposits	26,009
Time deposits	12,854
Cash and bank balances	66,349
	272,253

All financial liabilities of the Group and the Company as at 31 March 2016, 2017 and 2018 and 31 July 2018 are financial liabilities stated at amortised cost.

32. FAIR VALUE MEASUREMENT

Management has assessed that the fair values of cash and cash equivalents, contract assets and trade receivables, trade and retention payables, financial assets at amortised cost, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, balances with a director and related companies, interest-bearing bank borrowings and finance lease payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of unlisted investment funds are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

The Group did not have any financial assets measured at fair value as at 31 March 2016 and 2018 and 31 July 2018.

Assets measured at fair value:

As at 31 March 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other financial assets at fair value through profit or loss	–	9,864	–	9,864

The Group did not have any financial liabilities measured at fair value as at 31 March 2016, 2017 and 2018 and 31 July 2018.

During the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Assets for which fair value are disclosed:

The fair value of the non-current portion of other financial assets at amortised cost was HK$15,478,000, HK$10,596,000, nil and nil as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively. The fair value measurement is categorised within Level 3 of the fair value hierarchy.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include interest-bearing bank borrowings, finance lease payables, deposits, trade and other receivables, trade and other payables and bank balances. Details of these financial instruments are disclosed in the respective notes to the Historical Financial Information.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group's credit risk is primarily attributable to contract assets and trade receivables, financial assets at amortised cost, financial assets included in prepayments, deposits and other receivables, an amount due from a director, pledged deposits, time deposits and cash and bank balances. The Group's maximum credit risk exposure at the end of each of the Track Record Periods in the event of other parties failing to perform their obligations is represented by the carrying amount of each financial asset as stated in the combined statements of financial position.

Management monitors the creditworthiness and payment patterns of each debtor closely and on an ongoing basis. The Group's trade receivables from contract work represent interim billings or retentions certified by the customers under terms as stipulated in the contracts. As the Group's customers in respect of contract work primarily consist of main contractors in the construction industry, property developers or owners with strong financial backgrounds, management considers that the risk of irrecoverable receivables from contract work is not significant.

The following table demonstrates the concentrations of credit risk of the total contract assets and trade receivables which were due from the Group's largest external customer and the Group's five largest external customers, respectively.

	As at 31 March			As at 31 July
	2016	2017	2018	2018
Percentage of total contract assets and trade receivables due from:				
Group's largest external customer	21.5%	40.7%	28.9%	27.1%
Group's five largest external customers	82.7%	86.9%	84.5%	80.3%

Further quantitative data in respect of the Group's exposure to credit risk arising from contract assets and trade receivables are disclosed in note 16 to the Historical Financial Information.

The Group has applied the simplified approach to providing for impairment for ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for impairment of all contract assets and trade receivables. To measure the ECLs, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward looking information. Given (i) the customers of the Group are mainly well-known property developers, the Government and quasi-Government organisations and there was no history of default in prior years, the directors of the Company considered the default rate of financial assets is minimal; and (ii) no adverse change in the business environment is anticipated, management considered that the expected credit loss rate of property developers and government authorities is approximately 0% and 0%, respectively, for all ageing bands. As a result, no provision for impairment of contract assets and trade receivables is necessary for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018.

The other receivables represented loans to sub-constructors and an amount due from a director, and debt investments at amortised cost of the Group. The impairment provision of other receivables during each of the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018 was limited to 12-month expected credit losses. Since they were considered to be of low credit risk, management considered no provision for impairment of other receivables is necessary for the years ended 31 March 2016, 2017 and 2018 and the four months ended 31 July 2018.

All of the current portions of the other receivable balances are expected to be recovered within one year.

Liquidity risk

The Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. In addition, banking facilities have been put in place for contingency purposes.

The following table details the remaining contractual maturities at the end of each of the Track Record Periods of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of the reporting period) and the earliest date that the Group could be required to repay:

	Within one year or on demand	In the second year	In the third to fifth years, inclusive	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Group				
As at 31 March 2016				
Trade and retention payables	44,974	–	–	44,974
Other payables and accruals	407	–	–	407
Due to related companies	62,000	–	–	62,000
Loan from a related company	–	–	8,500	8,500
Interest-bearing bank borrowings	15,168	–	–	15,168
	122,549	–	8,500	131,049
Group				
As at 31 March 2017				
Trade and retention payables	115,472	–	–	115,472
Other payables and accruals	10,425	–	–	10,425
Due to related companies	60,700	–	–	60,700
Loan from a related company	–	8,500	–	8,500
Interest-bearing bank borrowings	26,162	–	–	26,162
	212,759	8,500	–	221,259
Group				
As at 31 March 2018				
Trade and retention payables	120,409	–	–	120,409
Other payables and accruals	36,928	–	–	36,928
Loan from a related company	8,500	–	–	8,500
	165,837	–	–	165,837
Group				
As at 31 July 2018				
Trade and retention payables	116,461	–	–	116,461
Other payables and accruals	60,425	–	–	60,425
Interest-bearing bank borrowings	45,224	–	–	45,224
Finance lease payables	490	490	448	1,428
	222,600	490	448	223,538

Certain bank loans were with a repayment on demand clause on original repayment schedule. According to the original repayment schedule, the repayment date of the interest-bearing bank borrowings of HK$15,074,000, HK$26,000,000, nil and HK$45,000,000 as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively, were all within 6 months from the respective years/period ended. Based on the Group's financial position, management does not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. Management believes such bank loans will be repaid in accordance with the repayment schedules.

Capital management

The primary objective of the Group's capital management policy is to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors of the Company review the capital structure on a periodical basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital and will balance the Group's overall capital structure through new share issues as well as raising new debts or repayment of existing debts.

No changes were made in the objectives, policies or processes for managing capital during the Track Record Periods.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by equity attributable to equity holders of the Company. Net debt includes interest-bearing bank borrowings and a loan from a related company less cash and bank balances and time deposits. The Group's policy is to maintain a stable debt-to-equity ratio. The debt-to-equity ratios as at the end of each Track Record Periods were as follows:

	As at 31 March			As at 31 July
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank borrowings and a loan from a related company	23,574	34,500	8,500	45,000
Less: Cash and bank balances and time deposits	(47,535)	(48,794)	(60,397)	(79,203)
Net debt	(23,961)	(14,294)	(51,897)	(34,203)
Equity attributable to equity holders of the Company	67,056	98,874	140,281	93,774
Debt-to-equity	N/A	N/A	N/A	N/A

34. EVENT AFTER THE TRACK RECORD PERIODS

On 21 December 2018, the companies now comprising the Group completed the Reorganisation in preparation for the listing of the Company's shares on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 July 2018.

The information set forth below does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the financial information included in the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 31 July 2018. This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Share Offer been completed as at 31 July 2018 or any future dates:

	Combined net tangible assets of the Group attributable to the equity holders of the Company as at 31 July 2018 *HK$'000 (Note 1)*	**Estimated net proceeds from the Share Offer** *HK$'000 (Note 2)*	**Unaudited Pro forma adjusted combined net assets attributable to the equity holders of the Company as at 31 July 2018** *HK$'000*	**Unaudited Pro Forma adjusted combined net tangible assets per Share** *HK$ (Note 3 and 4)*
Based on an Offer Price of HK$0.625 per Share	93,774	105,798	199,572	0.25
Based on an Offer Price of HK$0.75 per Share	93,774	129,248	223,022	0.28

Notes:

1. The combined net tangible assets of the Group attributable to owners of the Company as at 31 July 2018 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK$0.625 and HK$0.75 per Share respectively, after deduction of the underwriting fees and other related expenses payable by the Company, excluding Listing expenses which have been accounted for in the combined statements of profit or loss and other comprehensive income of the Group up to 31 July 2018.
3. The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 800,000,000 Shares expected to be in issue immediately following the completion of the Share Offer without taking into account of any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.
4. No adjustment has been made to reflect any trading results or other transactions of the Group, entered into subsequent to 31 July 2018.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of Wecon Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Wecon Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information (the "**Pro Forma Financial Information**") consists of the pro forma combined net tangible assets as at 31 July 2018, and related notes as set out on pages II-1 of the prospectus dated 30 January 2019 issued by the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Section A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Share offer of the Company on the Group's financial position as at 31 July 2018 as if the transaction had taken place at 31 July 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 31 July 2018, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Share Offer of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
30 January 2019

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 23 March 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 21 January 2019 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one

third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump

sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and general meetings requisitioned by shareholders

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting)

convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 11 April 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 23 March 2018 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 27 April 2018. We have established a principal place of business in Hong Kong at 18/F., Tung Hip Commercial Building, 244-252 Des Voeux Road Central, Hong Kong. Mr. KY Tsang and Mr. Jerry Tsang have been appointed as the authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong with a correspondence address at 18/F., Tung Hip Commercial Building, 244-252 Des Voeux Road Central, Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Law and our constitution which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix III to this prospectus.

2. Changes in the share capital of our Company

(a) As at the date of incorporation, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares with a par value of HK$0.01 each. On 23 March 2018, one Share was allotted and issued fully paid at par to an initial third party subscriber and such Share was transferred to Triple Arch on the same day. Upon completion of the above transfer, our Company becomes a wholly-owned subsidiary of Triple Arch.

(b) On 23 March 2018, our Company further allotted and issued 99 Shares as fully paid to Triple Arch.

(c) On 21 December 2018, three Shares were allotted, issued and credited as fully paid to Triple Arch (as directed by Multiland, Top World and Mr. KY Tsang) to settle the consideration for the acquisition of the entire issued share capital of Wecon Limited by Wecon Holdings (BVI) Limited.

(d) On 21 December 2018, two Shares were allotted, issued and credited as fully paid to Triple Arch (as directed by Multiland and Top World) to settle the consideration for the acquisition of the entire issued share capital of WCE by Wecon Holdings (BVI) Limited.

(e) On 21 January 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$50,000,000 divided into 5,000,000,000 Shares by the creation of an additional of 4,962,000,000 Shares. We will allot and issue an aggregate of 599,999,895 Shares to Triple Arch pursuant to the Capitalisation Issue.

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), the issued share capital of our Company will be HK$8,000,000 divided into 800,000,000 Shares of HK$0.01 each, all fully paid or credited as fully paid and 4,200,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in the paragraphs headed "5. Written resolutions of our sole Shareholder passed on 21 January 2019" below in this Appendix, there has been no alteration of share capital of our Company since its incorporation.

3. Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. Further details are set out in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in this prospectus.

4. Changes in share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, Reorganisation and Corporate Structure – Reorganisation" in this prospectus, there has been no alteration to the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

5. Written resolutions of our sole Shareholder passed on 21 January 2019

Written resolutions of our sole Shareholder were passed on 21 January 2019 approving, among others, the following:

(a) the Memorandum and the Articles were conditionally adopted as the memorandum of association and the articles of association of our Company respectively with effect from the Listing Date;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each by the creation of an additional of 4,962,000,000 Shares of HK$0.01 each, all of which shall rank pari passu in all respects with the existing Shares as at the date of passing of such resolutions;

(c) conditional on (aa) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Share Offer and the Capitalisation Issue and Shares to be issued as mentioned in this prospectus (including the Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme); (bb) the entering into of the Price Determination Agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date; and (cc) the

obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreements or otherwise, in each case on or before the dates and times specified in each of the Underwriting Agreements:

(i) the Share Offer was approved and our Directors were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer subject to the terms and conditions as stated in this prospectus; (bb) implement the Share Offer and the Listing; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(ii) the rules of the Share Option Scheme were approved and adopted, and our Board (or any committee thereof established by our Board) was authorised, at its sole discretion, to (aa) administer the Share Option Scheme; (bb) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (cc) grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any option(s) granted thereunder; and (dd) take all such actions as it considers necessary or desirable to implement or give effect to the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares by our Company pursuant to the Share Offer, our Directors were authorised to capitalise an amount of HK$5,999,998.95 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 599,999,895 Shares, such Shares to be allotted and issued to our Shareholders as at 21 January 2019 on pro rata basis;

(d) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, Shares not exceeding 20% of the number of issued Shares immediately following the completion of the Share Offer and Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;

(e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the number of issued Shares immediately following the completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and

(f) the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the number of issued Shares which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above.

6. Repurchase of the Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of our Shareholders passed on 21 January 2019, a general unconditional mandate to repurchase our Company's securities (the "**Repurchase Mandate**") was given to our Directors, the details of which are set out in the paragraph headed "5. Written resolutions of our Shareholders passed on 21 January 2019" above in this appendix.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles, the Companies Law, the Listing Rules and any other laws and regulations applicable to our Company from time to time in force. A listed company must not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchase by our Company may be made out of profits of our Company, out of the share premium, or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, subject to the Articles and the Companies Law, out of the capital. Any amount of premium payable on the repurchase over the par value of the shares to be repurchased must be out of profits of our Company, out of our Company's share premium account before or at the time the Shares are repurchased, or, subject to the Articles and the Companies Law, out of the capital.

(iii) Trading restrictions

A company is authorised to repurchase on the Stock Exchange or on any other stock exchange recognised by the SFC and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate number of issued shares of that company or warrants to subscribe for shares in that company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate.

A company may not issue or announce an issue of new securities of the type that have been repurchased for a period of 30 days immediately following a repurchase of securities whether on the Stock Exchange or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange.

In addition, a company is prohibited from making securities repurchase on Main Board if the result of the repurchase would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange.

A company shall not repurchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed.

Under the Companies Law, a company's repurchased shares may be treated as cancelled and, if so cancelled, the amount of that company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on Main Board or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) Core Connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell his securities to the company.

(b) Reasons for repurchase

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Share capital

Exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), could accordingly result in up to 80,000,000 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or our subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in our Company's voting rights increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a result of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

Our Company has not made any repurchase of our own securities since our incorporation.

No core connected person (as defined in the Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If the Repurchase Mandate is fully exercised immediately following completion of the Share Offer and the Capitalisation Issue (but not taking into account our Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), the total number of Shares which will be repurchased pursuant to the Repurchase Mandate shall be 80,000,000 Shares, being 10% of the number of Shares in issue based on the aforesaid assumptions. The total percentage shareholding of our Controlling Shareholders will be increased to approximately 83.3% of the number of Shares in issue immediately following the full exercise of the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or any of the members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) the reorganisation deed relating to the sale and purchase of shares in Wecon Limited entered into between our Company, Triple Arch, Wecon Holdings (BVI) Limited, Wecon Limited, Multiland, Top World and Mr. KY Tsang on 21 December 2018, pursuant to which Mr. KY Tsang, Multiland and Top World agreed to transfer their entire shareholding in Wecon Limited to Wecon Holdings (BVI) Limited at the consideration of the allotment of Shares by our Company to Triple Arch;

(b) the reorganisation deed relating to the sale and purchase of shares in Wecon Construction & Engineering Limited entered into between our Company, Triple Arch, Wecon Holdings (BVI) Limited, WCE, Multiland and Top World on 21 December 2018, pursuant to which Multiland and Top World agreed to transfer their entire shareholding in WCE to Wecon Holdings (BVI) Limited at the consideration of the allotment of Shares by our Company to Triple Arch;

(c) the Deed of Indemnity;

(d) the Deed of Non-Competition; and

(e) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group had made the following trademark applications which, in the opinion of our Directors, are material to our Group's business:

Trademark	Class	Place of registration	Trademark Number	Status	Date of registration	Registrant	Expiry Date
WECON	37	Hong Kong	304397635	Registered	12 January 2018	Wecon Limited	11 January 2028
	37	Hong Kong	304397680	Registered	12 January 2018	Wecon Limited	11 January 2028
							
偉工 伟工	37	Hong Kong	304397789	Registered	12 January 2018	Wecon Limited	11 January 2028

(b) Domain name

As at the Latest Practicable Date, our Company had registered the following domain wecon.com.hk, which in the opinion of our Directors, is material to the business of our Company:

Domain name	Registered owner	Expiry date
wecon.com.hk	Wecon Limited	N/A

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executive in the Shares, underlying Shares and debentures of our Company and our Company's associated corporations after completion of the Capitalisation Issue and the Share Offer

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), the interests or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares or

debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the "required standard of dealings" as contained in Chapter 3 of the Listing Rules, will be as follows:

(i) Interests in our Company

Name	**Capacity/ nature of interest**	**Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer** *(Note 1)*	**Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer**
Mr. KY Tsang *(Note 2)*	Interest in a controlled corporation	600,000,000 (L)	75%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 600,000,000 Shares by Triple Arch immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme). Triple Arch is wholly-owned by Mr. KY Tsang. Under the SFO, Mr. KY Tsang is deemed to be interested in the same number of Shares held by Triple Arch.

(ii) Interests in associated corporation of our Company

Name	**Name of associated corporation**	**Capacity/ Nature of interest**	**Number of shares held in associated corporation of our Company** *(Note 1)*	**Percentage of shareholding in associated corporation of our Company**
Mr. KY Tsang	Triple Arch	Beneficial owner	1(L)	100%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), so far as our Directors are aware, the following persons (not being our Directors or chief executive) will have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	**Capacity/nature of interest**	**Number of Shares held in our Company immediately after completion of the Capitalisation Issue and the Share Offer** *(Note 1)*	**Percentage of shareholding in our Company immediately after completion of the Capitalisation Issue and the Share Offer**
Triple Arch *(Note 2)*	Beneficial owner	600,000,000 (L)	75%
Ms. Lai Yuk Lin, Eliza *(Note 3)*	Interest of spouse	600,000,000 (L)	75%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to 600,000,000 Shares by Triple Arch immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon exercise of the options that may be granted under the Share Option Scheme). Triple Arch is wholly-owned by Mr. KY Tsang. Under the SFO, Mr. KY Tsang is deemed to be interested in the same number of Shares held by Triple Arch.

3. Ms. Lai Yuk Lin, Eliza is the spouse of Mr. KY Tsang. Under the SFO, Ms. Lai Yuk Lin, Eliza is deemed to be interested in the same number of Shares which Mr. KY Tsang is interested.

(b) Negative statement regarding interests in securities

None of our Directors or chief executive of our Company will immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme) has any discloseable interests (as referred to in (a) above) other than as disclose at (a) above.

Our Directors are not aware of any persons (other than our Directors or the chief executive of our Company) who will immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme) have a notifiable interest (for the purposes of the SFO) in the Shares or, having such a notifiable interest, have any short positions (within the meaning of the SFO) in the Shares, other than as disclosed at (a) above.

2. Particulars of Director's service agreements and letters of appointment

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the Listing Date, subject to the provision of retirement and rotation of Directors under the Articles of Association.

(b) Independent non-executive Directors

Each of our independent non-executive Directors has entered into a letter of appointment with our Company for an initial fixed term of three years commencing from the Listing Date, subject to the provision of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, none of our Directors has entered or is proposed to enter into any service agreement or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation).

3. Remuneration of our Directors

During the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, the aggregate emoluments paid and benefits in kind granted by us to our Directors, namely Mr. KY Tsang, Mr. Philip Tsang and Mr. Jerry Tsang, were approximately HK$2.5 million, HK$2.8 million and HK$3.0 million, respectively.

During the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, the aggregate of contributions to pension schemes for our Directors, namely Mr. KY Tsang, Mr. Philip Tsang and Mr. Jerry Tsang, were approximately HK$179,766, HK$190,983 and HK$215,783, respectively.

During the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018, the aggregate of bonuses paid to or receivable by our Directors which are discretionary or are based on our Company's, our Group's or any member of our Group's performance were approximately nil, nil and nil respectively.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the financial year ending 31 March 2019 will be approximately HK$0.9 million.

None of our Directors or any past director(s) of any member of our Group has been paid any sum of money for the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018 (a) as an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emolument for the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018.

Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefit or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	HK$
Executive Directors	
Mr. KY Tsang	1,757,600
Mr. Philip Tsang	838,500
Mr. Jerry Tsang	520,000
Independent non-executive Directors	
Dr. Lau Chi Keung	180,000
Mr. Sze Kwok Wing Nigel	200,000
Mr. Chan Tim Yiu Raymond	180,000

Each of our executive Directors and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to our Group or executing their functions in relation to our Group's business and operations.

Save as disclosed above, no other emoluments have been paid or are payable, in the three financial years ended 31 March 2016, 31 March 2017 and 31 March 2018 by our Group to our Directors.

4. Related party transactions

Details of the related party transactions are set out under note 30 to the Accountants' Report set out in Appendix I to this prospectus.

5. Disclaimers

(a) Save as disclosed in the paragraph headed "C. Further Information about our Directors and Substantial Shareholders – 1. Disclosure of Interest" in this appendix, none of our Directors or chief executive of our Company has any interest or short positions in any of the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO), immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the "required standard of dealings" as contained in Chapter 8 of the Listing Rules, in each case once the Shares are listed.

(b) Save as disclosed in the paragraph headed "C. Further Information about our Directors and Substantial Shareholders – 1. Disclosure of Interest" in this appendix, our Directors are not aware of any person (other than our Directors or the chief executive of our Company) who will, immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any of the Shares that may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

(c) None of our Directors or the experts under the paragraph headed "E. Other information – 7. Qualifications of experts" in this appendix below has been directly or indirectly interested in the promotion of, or in any asset(s) which has or have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

(d) Save as the service agreements and the letters of appointment of the Directors and the respective engagement agreements of the experts, none of our Directors nor the experts named under the paragraph headed "E. Other information – 7. Qualifications of experts" in this appendix below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our Group's business.

(e) None of the experts named under the paragraph headed "E. Other information – 7. Qualifications of experts" in this appendix below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

1. Summary of terms of the Share Option Scheme

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to the eligible participants as incentives or rewards for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which any member of our Group holds any equity interest (the "**Invested Entity**"). As at the Latest Practical Date, there was no Invested Entity other than members of our Group, and our Group has not identified any potential Invested Entity for investment.

(b) Who may join

Our Directors shall, in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled but shall not be bound at any time within a period of 10 years commencing from the date of the adoption of the Share Option Scheme to make an offer to any person belonging to the following classes:

(i) any employee (whether full time or part time, including our Directors (including any non-executive Director and independent non-executive Director)), any of our subsidiaries (within the meaning of Companies Ordinance) or any Invested Entity (an "**eligible employee**");

(ii) any supplier of goods or services to any member of our Group or any Invested Entity;

(iii) any customer of any member of our Group or any Invested Entity;

(iv) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(v) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(vi) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group; and

(vii) any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purpose of the Share Option Scheme, the offer for the grant of an option may be made to any company wholly-owned by one or more eligible participants.

For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of eligible participants shall not, by itself, unless our Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the eligible participants to an offer under the Share Option Scheme shall be determined by our Directors from time to time on the basis of our Directors' opinion as to such eligible participant's contribution to the development and growth of our Group.

(c) Maximum number of Shares

(i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group shall not exceed 30% of the share capital of our Company in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes adopted by our Group if the grant of such options will result in the limit referred herein being exceeded.

(ii) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Group) to be granted under the Share Option Scheme and any other share option schemes of our Group shall not in aggregate exceed 10% of the share capital of our Company in issue as at the date on which dealings in the Shares first commence on the Stock Exchange, being 80,000,000 Shares ("**General Scheme Limit**").

(iii) Subject to (i) above and without prejudice to (iv) below, our Company may seek approval of our Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group shall not exceed 10% of the share capital of our Company in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option schemes of our Group) previously granted under the Share Option Scheme and any other share option schemes of our Group will not be counted.

(iv) Subject to (i) above and without prejudice to (iii) above, our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (iii) above to eligible participants specifically identified by our Company before such approval is sought.

(d) Maximum entitlement of each eligible participant

Subject to (e) below, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Group (including both exercised or outstanding options) to each eligible participant who accepts the offer for the grant of an option under the Share Option Scheme (a "**grantee**") in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options under the Share Option Scheme to a grantee would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted to such person (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the share capital of our Company in issue, such further grant shall be separately approved by our Shareholders in general meeting with such grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting.

(e) Grant of options to core connected persons

(i) Without prejudice to (ii) below, the making of an offer under the Share Option Scheme to any Director, chief executive or substantial shareholder of our Company, or any of their respective associates shall be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of an option under the Share Option Scheme).

(ii) Without prejudice to (i) above, where any grant of options under the Share Option Scheme to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued

and to be issued upon exercise of all options under the Share Option Scheme already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the share capital of our Company in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the offer date of each offer, in excess of HK$5 million;

such further grant of options shall be approved by our Shareholders in general meeting. The proposed grantee, his associates and all core connected persons of our Company shall abstain from voting in favour at such general meeting.

For the purpose of seeking the approval of our Shareholders under paragraphs (c), (d) and (e) above, our Company shall send a circular to our Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

(f) Time of acceptance and exercise of an option

An offer under the Share Option Scheme shall remain open for acceptance by the eligible participant concerned (and by no other person) for a period of up to 21 days from the date, which shall be a Business Day, on which the offer is made to the eligible participant.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

An offer shall have been accepted by an eligible participant in respect of all Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant together with a remittance in favour of our Company of HK$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on Main Board or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participant and received by our Company together with a remittance in favour of our Company of

HK$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable.

(g) Performance targets

Unless otherwise determined by our Directors and stated in the offer to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(h) Subscription price for Shares

The subscription price in respect of any option shall, subject to any adjustments made pursuant to paragraph (t) below, be at the discretion of our Directors, provided that it shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the offer date;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the offer date; and

(iii) the nominal value of a Share.

For the purpose of calculating the subscription price where our Company has been listed for less than five Business Days, the subscription price shall be used as the closing price for any Business Day falling within the period before the Listing Date.

(i) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the articles of association of our Company for the time being in force and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(j) Restrictions on the time of grant of options

For so long as the Shares are listed on the Stock Exchange, an offer may not be made after inside information has come to our Company's knowledge until we have announced the information. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to announce our results for any year, half-year or quarter-year period under the Listing Rules or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no offer for the grant of an option may be made.

Our Directors may not make any offer to an eligible participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares under such circumstances as prescribed by the Listing Rules or any corresponding codes or securities dealing restrictions adopted by our Company.

(k) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(l) Rights of ceasing employment

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee for any reason other than his death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds specified in paragraph (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(m) Rights on death, ill-health or retirement

If the grantee is an eligible employee and in the event of his ceasing to be an eligible employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s) or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Company or the relevant subsidiary or the Invested Entity whether salary is paid in lieu of notice or not.

(n) Rights on dismissal

In respect of a grantee who is an eligible employee, the date on which the grantee ceases to be an eligible employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an eligible employee.

(o) Rights on breach of contracts

In respect of a grantee other than an eligible employee, the date on which our Directors shall at their absolute discretion determine that (aa) such grantee has committed any breach of any contract entered into between such grantee on one part and our Group or any Invested Entity on the other part; or (bb) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cession of its relation with our Group or by any other reason whatsoever, such option shall lapse as a result of any event specified in sub-paragraphs (aa) to (cc) above.

(p) Rights on takeover

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be. Subject to the above, an option shall lapse automatically (to the extent not already exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(q) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two Business Days before

the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation pari passu with the holders of our Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(r) Rights on compromise or arrangement between our Company and its members or creditors

In the event of a compromise or arrangement between our Company and our members or creditors in connection with a scheme for our reconstruction or amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, we shall give notice thereof to all grantees on the same date as we give notice of the meeting to our Shareholders or creditors to consider such a scheme or arrangement, and thereupon any grantee (or his personal representative(s)) may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two Business Days (excluding any period(s) of closure of the share registers of our Company) prior to the proposed meeting) exercise the option (to the extent exercisable as at the date of the notice to the grantee and not exercised) either in full or in part and our Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of the share registers of our Company) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and registered the grantee as holder thereof. Upon such compromise or arrangement becoming effective, all options (to the extent not already exercised) shall lapse and determine.

(s) Grantee being a company wholly-owned by eligible participants

If the grantee is a company wholly-owned by one or more eligible participants:

(i) the provisions of paragraphs (l), (m), (n) and (o) above shall apply to the grantee and to the option granted to such grantee, mutatis mutandis, as if such option had been granted to the relevant eligible participant, and such option shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (l), (m), (n) and (o) above shall occur with respect to the relevant eligible participant; and

(ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to any conditions or limitations as they may impose.

(t) Adjustment of the subscription price

In the event of any alteration to the capital structure of our Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation or sub-division of the Shares, or reduction of the share capital of our Company, then, in any such case our Company shall instruct the auditors or an independent financial adviser to certify in writing the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate(s) (insofar as it is/they are unexercised); and/or

(ii) the subscription price of any option; and/or

(iii) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option,

and an adjustment as so certified by the auditors or such independent financial adviser shall be made, provided that:

(i) any such adjustment shall give the grantee the same proportion of the issued share capital of our Company (as interpreted in accordance with the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which such grantee would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment;

(ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and

(iv) any such adjustment shall be made in compliance with the Listing Rules and any relevant rules, codes and guidance notes issued by the Stock Exchange from time to time.

In respect of any adjustment referred to above, other than any adjustment made on a capitalisation issue, the auditors or such independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes.

(u) Cancellation of options

Subject to the provisions in the Share Option Scheme and the Listing Rules, any option granted but not exercised may not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors.

Where our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or any other limits approved by our Shareholders pursuant to paragraph (c)(ii) or (c)(iv) above.

(v) Termination of the Share Option Scheme

Our Company by an ordinary resolution in general meeting may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Right of personal to the grantee

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

(x) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of (i) the expiry of the option period in respect of such option; (ii) the expiry of the periods or dates referred to in paragraphs (l), (m), (n), (o), (p), (q), (r) and (s) above; or (iii) the date on which our Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (w) above.

(y) Others

(i) The Share Option Scheme is conditional upon:

(a) the Stock Exchange granting the listing of and permission to deal in such number of Shares representing the General Scheme Limit to be allotted and issued by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and

(b) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of our Shareholders.

(ii) The provisions of the Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the articles of association for the time being of our Company for a variation of the rights attached to the Shares.

(iii) subject to paragraph (v) below, any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by our Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(iv) The terms of the Share Option Scheme and/or any options amended must comply with the applicable requirements of the Listing Rules.

(v) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

2. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders (collectively, the "**Indemnifiers**") have, under the Deed of Indemnity, given joint and several indemnities to our Company (for ourselves and as trustee for our subsidiaries) in connection with, among other things:

(a) any taxation (including estate duty) falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date on which the Share Offer becomes unconditional; and

(b) all costs which any member of our Group may incur, suffer or accrue, directly or indirectly, from or on the basis of or in connection with any alleged or actual violation or noncompliance by any member of our Group with any laws, regulations or administrative orders or measures in Hong Kong on or before the date on which the Share Offer becomes unconditional, if any.

The Indemnifiers will, however, not be liable under the Deed of Indemnity to the extent that, among others:

- in relation to items (a) and (b) above, provision has been made for such liability in the audited combined accounts of our Company or any member of our Group for the Track Record Period;

- in relation to item (a) above, the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or

- in relation to item (a) above, the taxation liability arises in the ordinary course of business of any member of our Group or in the ordinary course of acquiring and disposing of capital assets after the date on which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

2. Litigation

To the best knowledge of our Directors, save as disclosed in the paragraph headed "Business – Litigation and potential claims" in this prospectus, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation, arbitration or claims of material

importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its results of operations or financial condition.

3. Application for listing of Shares

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Share Offer as mentioned herein. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

4. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed VMS Securities Limited as our compliance adviser to provide advisory services to our Company to ensure compliance with the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 3A.19 of the Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

5. Preliminary expenses

The estimated preliminary expenses relating to the incorporation of our Company are approximately HK$64,000 and are payable by our Company.

6. Promoter

Our Company does not have any promoter.

7. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
VMS Securities Limited	A corporation licenced under the SFC and permitted to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Ipsos Limited	Independent professional industry consultant
Ms. Queenie W.S. Ng	Barrister-at-law of Hong Kong, our Legal Counsel

RSM Consulting (Hong Kong) Limited	Internal control consultant to our Company
Russell Bedford Hong Kong	Tax adviser to our Company
Ernst & Young	Certified Public Accountants

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of their reports and/or letter or opinion (as the case may be) and reference to their respective names included in the form and context in which they respectively appears.

9. Fees of the Sole Sponsor

The Sole Sponsor's fees are HK$4.8 million and are payable by our Company in connection with the Listing.

10. Independence of the Sole Sponsor

Neither the Sole Sponsor nor any of its associates has accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

(a) by way of sponsorship, financial advisory and documentation fee to be paid to the Sole Sponsor for acting as the sponsor of the Listing; and

(b) by way of the compliance advisory fee to be paid to VMS Securities as our Company's compliance adviser pursuant to the requirements under Rule 3A.19 of the Listing Rules.

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may have, as a result of the Listing, any interest in any class of securities of our Company or any of our subsidiaries. None of the directors and employees of the Sole Sponsor has any directorship in our Company or any other companies comprising our Group. The Sole Sponsor is independent from our Group under Rule 3A.07 of the Listing Rules.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

12. Share register

The register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and the branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

13. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's branch register of members in Hong Kong will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

Under the current Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty so long as our Company does not hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding, disposal of or dealing in Shares or exercising any rights attaching to them.

14. Miscellaneous

(a) Within the two years immediately preceding the date of this prospectus:

(i) Save as disclosed in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, no share or loan capital of our Company or any of our subsidiaries has been allotted and issued, agree to be allotted and issued or is proposed to be allotted and issued fully or partly paid either for cash or for a consideration other than cash;

(ii) Save as disclosed in the section headed "Underwriting" in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(iii) Save as disclosed in the section headed "Underwriting" in this prospectus, no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and

(iv) Save as disclosed in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, no founder, management or deferred shares of our Company have been allotted and issued or agreed to be allotted and issued;

(b) Save as disclosed in the paragraph headed "D. Share Option Scheme" in this appendix, no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of our Group since 31 March 2018, being the date on which the latest audited financial information of our Group was reported in the Accountants' Report set out in Appendix I to this prospectus; and

(d) our Directors confirm that there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus.

15. Bilingual prospectus

Pursuant to section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately.

16. Exemption from requirement of a property valuation report

As no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our combined total assets, this prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings, in reliance under section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(i) copies of the **WHITE**, and **YELLOW** Application Forms;

(ii) the written consents referred to in the paragraph headed "E. Other information – 8. Consents of experts" in Appendix IV to this prospectus; and

(iii) copies of the material contracts referred to in the paragraph headed "B. Further information about the Business of our Group – 1. Summary of material contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of ONC Lawyers at 19th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(i) the Memorandum of Association and the Articles of Association;

(ii) the audited financial statements of the companies comprising our Group for the Track Record Period except for those companies for which there are no statutory audit requirements in their respective jurisdictions of incorporation;

(iii) the accountants' report of our Group prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(iv) the report prepared by Ernst & Young in relation to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;

(v) the letter of advice prepared by Conyers Dill & Pearman, the legal advisers to our Company as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;

(vi) the letter of advice prepared by Russell Bedford Hong Kong, the tax adviser to our Company, in relation to the tax liabilities of our Company;

(vii) the report prepared by RSM Consulting (Hong Kong) Limited, the internal control consultant of our Company, in respect of the internal control system of our Company;

(viii) the Companies Law;

(ix) the material contracts referred to in the paragraph headed "B. Further information about the Business of our Group – 1. Summary of material contracts" in Appendix IV to this prospectus;

(x) the service agreements with the executive Directors and the appointment letters with the independent non-executive Directors referred to in the paragraph headed "C. Further information about our Directors and Substantial Shareholders – 2. Particulars of Director's service agreements and letters of appointment" in Appendix IV to this prospectus;

(xi) the written consents referred to in the paragraph headed "E. Other information – 8. Consents of experts" in Appendix IV to this prospectus;

(xii) the rules of the Share Option Scheme;

(xiii) the legal opinion prepared by Ms. Queenie W.S. Ng, our Legal Counsel, as to certain aspects of Hong Kong law relating to our Group; and

(xiv) the independent market research report commissioned by our Company and prepared by Ipsos Limited.

WECON HOLDINGS LIMITED